



# City of Salisbury



## CITY COUNCIL AGENDA

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**Tuesday, May 26, 2015**  
Government Office Building

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

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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. CITY INVOCATION - Rev John Wright, Unitarian Universalist Fellowship  
at Salisbury

6:05 p.m. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES

6:07 p.m. PRESENTATIONS - Certificates of Recognition for being named to 2015 Maryland  
Daily Record Top 100 Women

- Dr. Peggy Naleppa
- Dr. Veronique Diriker

6:20 p.m. ADOPTION OF LEGISLATIVE AGENDA

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

- April 27, 2015 regular meeting minutes
- Resolution No. 2505 – setting the bond amount for the loan of \$36,045,000 for bonds used for financing, reimbursing or refinancing costs incurred in connection with Enhanced Nutrient Removal and Biological Nutrient Removal Upgrades at the Wastewater Treatment Plant, and is funded through the Maryland Water Quality Financing Administration at zero percent interest
- Resolution No. 2506 – approving the temporary increase of the approval limits of the change orders for the upgrade of the City's Wastewater Treatment Plant
- Resolution No. 2507 – authorizing the Mayor to sign a new contract with PAC 14, Inc.
- Resolution No. 2509 - accepting Bay Restoration Fund Grants and Biological Nutrient Removal Grants from the Maryland Department of the Environment for the upgrade of the City's Wastewater Treatment Plant

6:30 p.m. AWARD OF BIDS – Assistant Director of Internal Services – Procurement & Parking  
Jennifer L. Miller

- Declaration of Surplus – Department of Public Works – Mobile Equipment and Vehicles

6:40 p.m. RESOLUTIONS – City Administrator Tom Stevenson

- **Resolution No. 2508** – approving the concept to construct and accepting the donation of a community built restroom building at the Ben’s Red Swings Playground in the City Park

**TRI COUNTY COUNCIL ANNEXATION RESOLUTIONS**

- **Resolution No. 2503** – proposing the annexation to the City of Salisbury of certain area of land situate, contiguous to and binding upon the easterly corporate limit of the City of Salisbury, to be known as the “Tri County Council/Walston Switch Road Annexation,” and the application of a City zoning classification to same area, being an area located on the westerly side of and binding upon Walston Switch Road, north of the intersection of Walston Switch Road and U.S. Route 50
- **Resolution No. 2504** – adopting an annexation plan for certain area of land situate, contiguous to and binding upon the easterly corporate limit of the City of Salisbury, to be known as the “Tri County Council/Walston Switch Road Annexation,” being an area located on the westerly side of and binding upon Walston Switch Road, north of the intersection of Walston Switch Road and U.S. Route 50

7:15 p.m. ORDINANCES - City Attorney Mark Tilghman

- **Ordinance No. 2334** – 1<sup>st</sup> reading - approving a budget amendment of the FY15 General Fund budget to appropriate the funds received from the recovery and recycling of brass shell casings at the Salisbury Police Range to purchase service weapons
- **Ordinance No. 2335** – 1<sup>st</sup> reading - approving an amendment of the FY15 General Fund budget to appropriate funding for purchase of property at tax sale as part of a community development initiative
- **Ordinance No. 2336** – 1<sup>st</sup> reading - to establish a fee schedule to obtain a permit to operate a Bed and Breakfast Inn

7:30 p.m. PUBLIC COMMENTS

7:50 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 website [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(a), by vote of the City Council.**

**Proposed agenda items for June 8, 2015 (subject to change)**

- Resolution No. \_\_\_\_ - PAC-14 Contract Extension/Audit Requirements
- Resolution No. \_\_\_\_ - Entering into an MOU with Maryland Broadband-Fiber
- Resolution No. \_\_\_\_ - City Park Committee- By-Law Changes
- Resolution No. \_\_\_\_ - Accepting Grant Funding for Body Worn Cameras
- Ordinance No. \_\_\_\_ - 1st Reading- Flood Insurance Rate Maps
- Ordinance No. \_\_\_\_ 2nd Reading- FY16 Proposed Budget
- Ordinance No. \_\_\_\_ - 2nd Reading- Water and Sewer Rate Ordinance
- Ordinance No. 2334 – 2<sup>nd</sup> reading - approving a budget amendment of the FY15 General Fund budget to appropriate the funds received from the recovery and recycling of brass shell casings at the Salisbury Police Range to purchase service weapons
- Ordinance No. 2335 – 2<sup>nd</sup> reading - approving an amendment of the FY15 General Fund budget to appropriate funding for purchase of property at tax sale as part of a community development initiative
- Ordinance No. 2336 – 2<sup>nd</sup> reading - to establish a fee schedule to obtain a permit to operate a Bed and Breakfast Inn

1 **CITY OF SALISBURY, MARYLAND**

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3 **REGULAR MEETING**

**APRIL 27, 2015**

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5 **PUBLIC OFFICIALS PRESENT**

6  
7 Council President Jacob R. Day Mayor James Ireton, Jr.  
8 Councilwoman Eugenie P. Shields (arrived 6:02 p.m.) Councilman John “Jack” R. Heath  
9 Councilman Timothy K. Spies

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11 **PUBLIC OFFICIALS NOT PRESENT**

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13 Vice President Laura Mitchell

14  
15 **IN ATTENDANCE**

16  
17 City Clerk Kimberly R. Nichols, CMC, City Administrator Tom Stevenson, City Attorney Mark  
18 Tilghman, Assistant Director Internal Services – Procurement & Parking Jennifer L. Miller,  
19 interested citizens and members of the press

20 \*\*\*\*\*

21 **CITY INVOCATION – PLEDGE OF ALLEGIANCE**

22  
23 The City Council met in regular session at 6:00 p.m. in Council Chambers. Council President  
24 Day called the meeting to order. Following the City Invocation provided by Pastor Robert C.  
25 Reinert of Faith Baptist Church, those in attendance recited the Pledge of Allegiance to the flag  
26 of the United States of America.

27  
28 **PRESENTATIONS** – presented by Mayor James Ireton, Jr. and Council President Jacob R.  
29 Day

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31 • **Municipal Clerks Week Proclamation**

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33 Mayor Ireton and President Day presented the proclamation to City Clerk Kimberly R.  
34 Nichols and Assistant City Clerk Diane C. Nelson to celebrate Municipal Clerks Week on  
35 May 3 through May 9, 2015.

36 • **Presentation of Service Awards for City of Salisbury employees**

37 Assisting Mayor Ireton with Service Awards were Public Works Director Mike Moulds,  
38 Planning & Zoning Director Jack Lenox, Internal Services Director Keith Cordrey, Fire  
39 Chief Rick Hoppes, and Salisbury Police Department Major Scott Kolb. Also present to  
40 congratulate the employees were Delegate Carl Anderton and Wicomico County  
41 Councilman John Hall.

42 The City employees recognized included: Assistant Fire Chief John Tull – 21 years,  
43 Salisbury Police ACO David Shanks – 25 years, Public Works Robert Knechtel – 15  
44 years, Public Works Alfonzo Henry – 15 years, and Daniel Ciancitto – 15 years.

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- **Proclamation/Certificate**

- **Entrepreneurship Week** - Mayor Ireton presented the proclamation to proclaim May 4 – 9, 2015 as Salisbury University Entrepreneurship Week in Salisbury (no one was present to receive the proclamation). Entrepreneurship Week will culminate on May 9, 2015 when Salisbury University will partner with local affiliate ABC and Maryland Capital Enterprises to again host an open casting call for Shark Tank, the business themed reality show that offers a venue for entrepreneurs to showcase their ideas and business plans to investors who have the potential to fund their startup to business.
- **Salisbury Arts & Entertainment District Award** – Mayor Ireton invited Lee Whaley and Connie Strott, Co-chairs of the Salisbury Arts & Entertainment District, to the podium to receive the Certificate of Recognition on behalf of the Salisbury Arts & Entertainment District in recognition of achieving the Annual Outstanding Achievement Award from the Maryland State Arts Council.

- **Pinwheels for Protection**

Courtney Geiser presented the Pinwheels for Protection campaign to bring awareness to April as being Child Abuse Awareness Month. Pinwheels have been selling to raise funds for the cause. The original goal was to raise \$3,000, and over \$9,000 to date has been raised. Defense Attorney Jamie Dykes joined Ms. Geiser to speak about child abuse awareness and prosecution.

More information on how to donate to Pinwheels for Protection can be accessed online at <http://www.lifecrisiscenter.org> or by emailing Ms.Geiser at [CSGeiser@hotmail.com](mailto:CSGeiser@hotmail.com)

- **Delegate Carl Anderton update**

Delegate Anderton joined Council at the podium to provide an update on the recent Legislative Session in Annapolis. He announced there was success in passing a bill that will allow Evolution Brewery and Tall Tales to go to 45,000 barrels of beer per year, hire 50 new employees at Evolution and keep the 70 restaurant employees.

### **ADOPTION OF LEGISLATIVE AGENDA**

Mr. Spies moved and Mr. Heath seconded to adopt the legislative agenda.

Mrs. Shields moved to amend the legislative agenda by removing Resolution No. 2495 from the Consent Agenda to be placed after the Consent Agenda, for discussion.

The legislative Agenda as amended was unanimously approved on a 4-0 vote.

91 **CONSENT AGENDA** – presented by City Clerk Kim Nichols

92

93 *The Consent Agenda was unanimously approved (4-0 vote) on a motion and seconded by Mr.*  
94 *Spies and Mr. Heath, respectively:*

95

- *April 6, 2015 work session minutes*
- *April 13, 2015 regular meeting minutes*
- *Approving a Manufacturing Exemption for Delmarva Printing and Design, Inc. for equipment purchased in 2008, 2009 and 2010*
- *Resolution No. 2492 – to approve a lease with Shore Fresh Growers Association for the purpose of operating a producer’s farmers’ market in Downtown Salisbury*
- *Resolution No. 2493 - to approve a lease with the Salisbury Area Chamber of Commerce for the purpose of operating a Park & Flea Market in Downtown Salisbury*
- *Resolution No. 2494 – authorizing the Mayor to sign the grant agreement and accept a grant of \$68,785.00 from Maryland Department of the Environment for Salisbury City Yard comprehensive environmental site design*

96

97 **RESOLUTION NO. 2495** - *to enter into a commercial lease agreement accepting the donated*  
98 *space of 800-E South Salisbury Boulevard and authorizing the Chief of Police or designee to*  
99 *sign the lease agreement*

100

101 *Mr. Spies moved, Mr. Heath seconded, and the vote was unanimous (4-0) to approve Resolution*  
102 *No. 2495.*

103

104 **PUBLIC HEARING/ORDINANCE NO. 2323** – *2<sup>nd</sup> reading – Northeast Collector*  
105 *supplemental ordinance to restructure the Aydelotte property TIF bonds*

106

107 *Mrs. Shields moved and Mr. Heath seconded to approve Ordinance No. 2323 for second*  
108 *reading.*

109

110 *Mr. Tilghman presented Ordinance No. 2323 for second reading. Mr. Day opened the Public*  
111 *Hearing at 6:54 p.m., and with no speakers requested, immediately closed the Public Hearing. :*  
112

113

113 *After Council’s comments, Ordinance No. 2323 for second reading was unanimously approved*  
114 *on a 4-0 vote.*

115

116 **AWARD OF BIDS** – presented by Assistant Director of Internal Services – Procurement &  
117 *Parking Jennifer L. Miller*

118

119 *The Award of Bids, consisting of the following item, was unanimously approved (4-0 vote) on a*  
120 *motion by Mrs. Shields and seconded by Mr. Spies:*

121

- 122 • *Contract RFP 10-15 – WWTP Upgrade Construction Mgmt and Inspection Services -*  
123 *\$2,201,415.00*
- 124 • *Change Order #1 - RFP 09-14 Real Estate Consulting Services -* *\$ 10,000.00*
- 125 • *Change Order #3 – RFP 01-11-11 Automated Speed Enforcement System (change to*

contract sum from percentage of revenue to a per system cost) \$ 0.00

**RESOLUTION** – presented by City Administrator Tom Stevenson

- *Resolution No. 2496 – approving the City’s Action Plan for Community Development Block Grant (CDBG) funds for CDBG Program year 2015 and to authorize the Mayor’s signature thereto*

*Mr. Heath moved, Mrs. Shields seconded, and the vote was unanimous (4-0) to approve Resolution No. 2496.*

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

- *Ordinance No. 2320 – 2<sup>nd</sup> reading – to amend Salisbury Municipal Code Sections 17.04.120 Definitions and 17.166.040 Nonconforming Uses for the purpose of amending the definitions of significant amount, and to add Sections 17.166.090 and 17.166.100 for the purpose of allowing inspections and administrative search warrants by the City, and; stating certain findings; providing for the application of the ordinance; and generally relating to adult entertainment business*

*Mr. Spies moved, Mr. Heath seconded, and the vote was unanimous (4-0) to approve Ordinance No. 2320 for second reading.*

- *Ordinance No. 2321 – 2<sup>nd</sup> reading – to amend Salisbury Municipal Code Section 5.08.010 Definitions for the purpose of amending the definition of significant amount; stating certain findings; providing for the application of the ordinance; and generally relating to adult entertainment business*

*Mr. Heath moved, Mrs. Shields seconded, and the vote was unanimous (4-0) to approve Ordinance No. 2321 for second reading.*

- *Ordinance No. 2322 – 2<sup>nd</sup> reading – authorizing the City to issue and sell general obligation bonds in an amount not to exceed thirty-eight million dollars (\$38,000,000) for the purpose of financing, reimbursing or refinancing costs incurred in connection with Enhanced Nutrient Removal and Biological Nutrient Removal upgrades*

*Mrs. Shields moved and Mr. Heath seconded to approve Ordinance No. 2322 for second reading.*

*Bond Counsel Lindsey Radar was invited to the podium and reported that she had been working with Maryland Water Quality Financing Administration on the draft loan agreements. She has prepared a resolution which will be presented in May fixing the details of the loans.*

*Ordinance No. 2322 was unanimously approved on a 4-0 vote for second reading.*

- 172 • Ordinance No. 2324 – 2<sup>nd</sup> reading – approving a budget amendment of the FY15  
 173 *General Fund to appropriate funds to purchase one hundred and two (102)*  
 174 *replacement radio batteries in the amount of \$10,863.00*  
 175  
 176 *Mr. Spies moved, Mrs. Shields seconded, and the vote was unanimous (4-0) to approve*  
 177 *Ordinance No. 2324 for second reading.*  
 178  
 179 • Ordinance No. 2325 – 2<sup>nd</sup> reading - approving a budget amendment of the FY15  
 180 *General Fund to appropriate funds to up fit Salisbury Police Department Tactical*  
 181 *Team equipment with respect to officer and public safety. The equipment will also*  
 182 *decrease City liability by outfitting Tactical Officers with fire retardant gear, improve*  
 183 *weapon optics and illumination, and storage*  
 184  
 185 *Mrs. Shields moved, Mr. Heath seconded, and the vote was unanimous (4-0) to approve*  
 186 *Ordinance No. 2325 for second reading.*  
 187  
 188 • Ordinance No. 2326 – 2<sup>nd</sup> reading - amending Chapter 8.04 of the Salisbury Municipal  
 189 *Code to require Enhanced Call Verification (ECV) for alarm dispatch notification*  
 190 *systems*  
 191  
 192 *Mr. Spies moved, Mr. Heath seconded and the vote was unanimous (4-0) to approve*  
 193 *Ordinance No. 2326 for second reading.*  
 194  
 195 • Ordinance No. 2327 – 2<sup>nd</sup> reading – setting updated false alarm fees  
 196  
 197 *Mr. Heath moved, Mrs. Shields seconded and the vote was unanimous (4-0) to approve*  
 198 *Ordinance No. 2327 for second reading.*  
 199  
 200 • Ordinance No. 2328 – 1<sup>st</sup> reading – approving a budget amendment of the FY2015 Fire  
 201 *Department budget to transfer insurance funds received by the City to the Fire*  
 202 *Department Operating Budget from the General Fund Revenue received for repairs*  
 203 *performed on Tanker/Engine 1-1 and Tower 16*  
 204  
 205 *Mrs. Shields moved, Mr. Heath seconded, and the vote was unanimous (4-0) to approve*  
 206 *Ordinance No. 2328 for first reading.*  
 207  
 208 • Ordinance No. 2329 - 1<sup>st</sup> reading - to designate a No Parking Zone on Pinehurst Avenue  
 209 *between Smith Street and Lorecrop Avenue and a Restricted Parking Zone on Pinehurst*  
 210 *Avenue between Camden Avenue and Smith Street*  
 211  
 212 *Mr. Heath moved and Mrs. Shields seconded to approve Ordinance No. 2329 for first*  
 213 *reading.*  
 214  
 215 *Mr. Spies moved, Mrs. Shields seconded, and the vote was unanimous to amend*  
 216 *Ordinance No. 2329 for first reading by inserting “to disallow parking Monday thru*  
 217 *Friday between 8:30 am to 7:30 pm except by permit” on Line 37 after Smith Street.*

218  
219 *Ordinance No. 2329 for first reading, as amended, was unanimously approved.*  
220  
221 • *Ordinance No. 2330 - 1st reading - granting a utility easement to Delmarva Power &*  
222 *Light Company across City owned properties on Fitzwater Street and Delaware Avenue*  
223 *and Ridge Road in Salisbury, Maryland*  
224  
225 *Mr. Spies moved and Mr. Spies seconded to approve Ordinance No. 2330 for first*  
226 *reading.*  
227  
228 *Mr. Spies moved, Mrs. Shields seconded, and the vote was unanimous to amend*  
229 *Ordinance No. 2330 by inserting on Line 16 after “agreement,” and before “attached”*  
230 *the following: “a draft of which is”.*  
231  
232 *The vote was unanimous (4-0) to approve Ordinance No. 2330 for first reading, as*  
233 *amended.*  
234  
235 • *Ordinance No. 2331 – 1<sup>st</sup> reading - amending Title 6, Animals, of the Salisbury City*  
236 *Code to add definitions related to beekeeping and enacting Chapter 6.06 to authorize*  
237 *beekeeping, subject to certain regulations*  
238  
239 *Mr. Spies moved, Mr. Heath seconded, and the vote was unanimous to amend Ordinance*  
240 *No. 2331 by striking “with removable frames” on Line 93.*  
241  
242 *Ordinance No. 2331 for first reading, as amended, was unanimously approved.*  
243  
244 • *Ordinance No. 2332 - 1st reading – appropriating the necessary funds for the operation*  
245 *of the government and administration of the City of Salisbury, MD for the period July 1,*  
246 *2015 to June 30, 2016, establishing the levy for the General Fund for the same fiscal*  
247 *period and establishing the appropriation for the Water and Sewer, Parking Authority,*  
248 *City Marina, and Storm Water Funds*  
249  
250 *Mr. Heath moved, Mrs. Shields seconded, and the vote was unanimous to approve*  
251 *Ordinance No. 2332 for first reading.*  
252  
253 • *Ordinance No. 2333 - 1st reading – to amend sewer only rates to new amount and*  
254 *decrease all other water sewer rates by 2.0%, making said changes effective for all bills*  
255 *dated October 1, 2015 and thereafter unless and until subsequently revised or changed*  
256  
*Mrs. Shields moved, Mr. Heath seconded, and the vote was unanimous to approve Ordinance*  
*No. 2333 for first reading.*

257 **ADJOURNMENT**

258 *As there were no requests for public comments, Council President Day adjourned the Legislative*  
259 *Session at 8:05 p.m.*

CITY OF SALISBURY, MARYLAND  
CLOSED SESSION  
APRIL 13, 2015

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*TIME & PLACE:* 5:05 p.m., Government Office Building – Council Chambers, Room 301  
*PURPOSE:* To consult with counsel to obtain legal advice on a legal matter  
*VOTE TO CLOSE:* Unanimous (4-0)  
*CITATION:* Annotated Code of Maryland §10-508(a)(7)  
*PRESENT:* Council President Jacob R. Day, Councilwoman Eugenie P. Shields,  
Councilman John “Jack” R. Heath, Councilman Timothy K. Spies, City  
Clerk Kimberly R. Nichols, Assistant City Administrator Julia Glanz, City  
Attorney Mark Tilghman, and Local Government Insurance Trust (LGIT)  
Attorneys Breads and Peter  
*NOT PRESENT:* Council Vice President Laura Mitchell, Mayor James Ireton, Jr.

\*\*\*\*\*  
The City Council convened in Open Session in Room #301 in the Government Office Building at  
5:00 p.m. Mr. Heath moved, Mrs. Shields seconded, and the vote was 4-0 (Mrs. Mitchell was  
absent) to convene in Closed Session for the purpose of consulting with counsel to obtain legal  
advice on a legal matter in accordance with the Annotated Code of Maryland §10-508(a)(7).

At 5:40 p.m., on a motion and seconded by Mrs. Shields and Mr. Spies, respectively, and by  
unanimous vote in favor (4-0), the Closed Session was adjourned and Council reconvened in  
Legislative Session. President Day reported that while in Closed Session Council had authorized  
LGIT attorneys to take action in two pending legal matters.

CITY OF SALISBURY, MARYLAND  
CLOSED SESSION  
APRIL 20, 2015

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*TIME & PLACE:* 1:30 p.m., Government Office Building – Council Chambers, Room 301  
*PURPOSE:* To consider the acquisition of real property for a public purpose and matters directly related thereto and before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process  
*VOTE TO CLOSE:* Unanimous  
*CITATION:* Annotated Code of Maryland §10-508(a)(3)(14)  
*PRESENT:* Council President Jacob R. Day, Council Vice President Laura Mitchell, Councilwoman Eugenie P. Shields, Councilman John “Jack” R. Heath, Councilman Timothy K. Spies, City Clerk Kimberly R. Nichols, City Administrator Tom Stevenson, Assistant City Administrator Julia Glanz, Assistant Director of Internal Services – Procurement & Parking Jennifer L. Miller, and City Attorney Mark Tilghman  
*NOT PRESENT:* Mayor James Ireton, Jr.

\*\*\*\*\*  
The City Council convened in Open Session in Room #301 in the Government Office Building at 1:30 p.m. Mrs. Shields moved, Mrs. Mitchell seconded, and the vote was unanimous to convene in Closed Session for the purpose of considering the acquisition of real property for a public purpose and matters directly related thereto and before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process in accordance with the Annotated Code of Maryland §10-508(a)(3)(14).

At 2:09 p.m., on a motion and seconded by Mrs. Shields and Mrs. Mitchell, respectively, and by unanimous vote in favor, the Closed Session was adjourned and Council reconvened in open Work Session. President Day reported that while in Closed Session Council had discussed the City Attorney billings and contract and made a decision to surplus a piece of City property.

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Council President

# City of Salisbury



MARYLAND



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

To: Thomas Stevenson, Jr., City Administrator  
From: Michael Moulds, Director of Public Works   
Date: April 20, 2015  
Re: Salisbury WWTP BNR/ENR Upgrade Resolution for Loan Acceptance

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Ordinance No. 2322 authorized the City to issue and sell general obligation bonds in an amount not to exceed thirty-eight million dollars (\$38,000,000.00). The bonds will be used for the purpose of financing, reimbursing or refinancing costs incurred in connection with Enhanced Nutrient Removal (ENR) and Biological Nutrient Removal (BNR) Upgrades at the Wastewater Treatment Plant. The project is funded through the Maryland Water Quality Financing Administration (MWQFA) at a zero interest rate over a 20 year term.

This Resolutions is to set the bond amount for the loan of \$36,045,000 which will be \$34,545,000 Base Loan and \$1,500,000 Principal Forgiveness Loan.

Public Works recommends approval of the loan amount. Unless you or the Mayor has further questions, please forward this Resolution to the City Council.

Resolution No. 2505

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A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND 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, 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. 2322, PASSED BY THE COUNCIL OF THE CITY (THE "COUNCIL") ON APRIL 27, 2015, APPROVED BY THE MAYOR OF THE CITY (THE "MAYOR") ON MAY 6, 2015 AND EFFECTIVE ON MAY 6, 2015 (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 THIRTY-FOUR MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$34,545,000.00) AND ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00), TO BE DESIGNATED, RESPECTIVELY, "CITY OF SALISBURY WATER QUALITY BOND, SERIES 2015A" AND "CITY OF SALISBURY WATER QUALITY BOND, SERIES 2015B" OR AS OTHERWISE REQUIRED AS PROVIDED HEREIN, THE BONDS TO BE ISSUED AND SOLD AND THE PROCEEDS THEREOF TO BE USED FOR AND APPLIED TO THE PUBLIC PURPOSE OF FINANCING OR REIMBURSING COSTS INCURRED IN CONNECTION WITH ENHANCED NUTRIENT REMOVAL (ENR) AND BIOLOGICAL NUTRIENT REMOVAL (BNR) UPGRADES AND IMPROVEMENTS TO OR BENEFITING THE EXISTING WASTEWATER TREATMENT PLANT AND SYSTEM, TOGETHER WITH RELATED COSTS 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 TO 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 CERTAIN OFFICIALS AS "AUTHORIZED OFFICERS" FOR PURPOSES OF THE LOAN AGREEMENTS; PROVIDING FOR THE DISBURSEMENT OF ADVANCES OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE

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43 PAYABLE IN THE FIRST INSTANCE FROM REVENUES RECEIVED BY THE CITY IN  
44 CONNECTION WITH THE OPERATION OF THE WASTEWATER SYSTEM AND THE  
45 WATER SUPPLY SYSTEM SERVING THE CITY, TO THE EXTENT AVAILABLE  
46 THEREFOR; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BONDS  
47 ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY  
48 AVAILABLE TO THE CITY FOR SUCH PURPOSE; AUTHORIZING AND DIRECTING  
49 OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION  
50 NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE BONDS;  
51 PROVIDING THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED  
52 IN THE ORDINANCE OR THIS RESOLUTION, THE CITY SHALL USE AND APPLY  
53 PROCEEDS OF THE BONDS ONLY AS PERMITTED BY THE LOAN AGREEMENTS, THE  
54 CLEAN WATER ACT (AS DEFINED IN THE LOAN AGREEMENTS) AND THE ACT (AS  
55 DEFINED IN THE LOAN AGREEMENTS); AND OTHERWISE GENERALLY RELATING  
56 TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE BONDS.

57 RECITALS

58 WHEREAS, City of Salisbury, a municipality of the State of Maryland within the  
59 meaning of the Enabling Act identified below and a municipal corporation of the State of  
60 Maryland within the meaning of the MWQFA Act identified below (the “City”), is authorized  
61 and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the  
62 Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), Sections  
63 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as  
64 replaced, supplemented or amended (the “MWQFA Act”), and Sections SC7-45 and SC7-46 of the  
65 Charter of the City of Salisbury, as replaced, supplemented or amended (the “Charter”), to borrow  
66 money for any proper public purpose and to evidence such borrowing by the issuance and sale of  
67 its general obligation bonds; and

68 WHEREAS, pursuant to Ordinance No. 2322, passed pursuant to the authority of the  
69 Enabling Act, the MWQFA Act and Sections SC7-45 and SC7-46 of the Charter by the Council of  
70 the City (the “Council”) on April 27, 2015, approved by the Mayor of the City (the “Mayor”) on  
71 May 6, 2015 and effective on May 6, 2015 (the “Ordinance”), the City authorized the issuance and  
72 sale from time to time, upon its full faith and credit, of one or more series of its general obligation  
73 bonds in an aggregate principal amount not to exceed Thirty-eight Million Dollars (\$38,000,000.00)  
74 (the “Authorized Bonds”), and the Ordinance provides that any such series may consist of one or  
75 more bonds and that any bond may be issued in installment form and/or draw-down form; and

76 WHEREAS, the Ordinance provides that the proceeds of the Authorized Bonds are to be  
77 used and applied for the public purpose of financing, reimbursing or refinancing costs incurred in  
78 connection with undertaking Biological Nutrient Removal (BNR) and Enhanced Nutrient  
79 Removal (ENR) upgrades and improvements to or benefiting the City’s existing wastewater  
80 treatment plant and system, including, without limitation, with respect to treatment processes  
81 including for solids and, in connection with such undertaking, to acquire or pay for the  
82 acquisition of necessary property rights and equipment, related site improvements and utilities,

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83 related architectural, planning, design, engineering, surveying, bidding, document development,  
84 permitting, acquisition, construction, improvement, installation, modification, demolition,  
85 removal, renovation, reconstruction, rehabilitation, equipping, inspection, construction  
86 administration, construction management and related costs, related financial, administrative and  
87 legal expenses, and costs of related activities, and has determined to borrow money for the public  
88 purpose of financing, reimbursing or refinancing all or a portion of the costs of any components  
89 of such activities, including costs of issuance relating to any such borrowing (collectively, the  
90 “Project”), all to the extent permitted by the Maryland Water Quality Financing Administration  
91 (the “Administration”); and

92 WHEREAS, the City has determined that it is in the best interest of the City and its  
93 citizens to issue and sell to the Administration at this time two series of general obligation bonds,  
94 each consisting of a single bond, in order to finance, reimburse or refinance costs of the Project in  
95 accordance with, and pursuant to, the authority contained in the Enabling Act, the MWQFA Act,  
96 Sections SC7-45 and SC7-46 of the Charter and the Ordinance, and upon the terms and conditions  
97 set forth in this Resolution, the proceeds of which general obligation bonds are to be used and  
98 applied as herein set forth.

99 WHEREAS, the \$36,045,000 aggregate principal amount of the bonds provided for herein  
100 shall not cause the City to exceed the debt limit provided for in Charter Section SC7-48, which was  
101 amended pursuant to Charter Amendment Resolution No. 2015-1, adopted by the Council on  
102 February 23, 2015 and effective on April 14, 2015.

103 SECTION 1. NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF  
104 THE CITY OF SALISBURY, MARYLAND that:

105 (a) The Recitals to this Resolution are incorporated by reference herein and are  
106 deemed a substantive part of this Resolution, and capitalized terms defined in the Recitals to this  
107 Resolution and used in the Sections of this Resolution will have the meanings given to such  
108 terms in the Recitals hereto.

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

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<u>Due</u> <u>February 1</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>February 1</u>	<u>Principal</u> <u>Amount</u>
2018	\$ 150,000	2028	\$2,778,750
2019	150,000	2029	2,778,750
2020	150,000	2030	2,778,750
2021	150,000	2031	2,778,750
2022	150,000	2032	2,778,750
2023	150,000	2033	2,778,750
2024	150,000	2034	2,778,750
2025	150,000	2035	2,778,750
2026	2,778,750	2036	2,778,750
2027	2,778,750	2037	2,778,750

152 Notwithstanding the foregoing amortization schedule, the Mayor, on behalf of the City, with the  
153 advice of the Director of Internal Services of the City (the “Director of Internal Services”), is hereby  
154 authorized and empowered to approve a revised amortization schedule for the Series 2015A Bond  
155 prior to the delivery thereof that is approved by the Administration and either (i) takes into account  
156 financial considerations of the City, including, without limitation, the repayment requirements with  
157 regard to other outstanding obligations of the City and/or (ii) is structured to meet the  
158 Administration’s program requirements and the requirements of the MWQFA Act, such approval of  
159 any revised amortization schedule to be evidenced conclusively by the Mayor’s execution and  
160 delivery of the Series 2015A Bond containing such revised amortization schedule in accordance  
161 with the provisions of Sections 5 and 7 of this Resolution.

162 (c) The Series 2015A Bond, or so much of the principal amount thereof as shall have  
163 been advanced from time to time under the terms of the Series 2015A Loan Agreement, shall bear  
164 interest from its dated date at an annual rate of interest equal to zero percent (0.00%) per annum.  
165 Accordingly, no actual interest shall be due on the Series 2015A Bond except to the extent interest  
166 is due on overdue installments of principal or is otherwise due in accordance with the provisions of  
167 the Series 2015A Loan Agreement referred to in subsection (f) below.

168 (d) The payment dates and principal installments provided for in the foregoing  
169 subsection (b) are based on an anticipated date of delivery of the Series 2015A Bond in June 2015  
170 and an estimated completion date for the Project in November 2017. Notwithstanding the  
171 provisions of subsection (b) above, in the event the Series 2015A Bond, for whatever reason, is  
172 delivered later than June 2015, the estimated completion date for the Project is determined prior to  
173 the delivery of the Series 2015A Bond to be earlier or later than November 2017 or the  
174 Administration determines in accordance with its program requirements that a different amortization  
175 schedule is required, the Mayor, on behalf of the City, is hereby authorized and directed to adjust  
176 and change the principal payment dates and principal installment amounts (including, without  
177 limitation, by providing for a first minimum principal payment on a date specified by the  
178 Administration and/or by otherwise adjusting the dates on which principal will commence and will

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179 otherwise be due and/or by adjusting the principal amounts set forth in subsection (b) above to  
180 reflect any change in the payment dates) all as required by the Administration in order to meet the  
181 requirements of Section 9-1605(d)(1)(ii) of the MWQFA Act or to meet other requirements of the  
182 Administration, such approval and adjustment to be evidenced conclusively by the Mayor's  
183 execution and delivery of the Series 2015A Bond containing such revised amortization schedule in  
184 accordance with the provisions of Sections 5 and 7 of this Resolution.

185 (e) If the Administration determines at any time following delivery of the Series 2015A  
186 Bond to reduce the maximum amount of the Loan Commitment (as defined in the Series 2015A  
187 Loan Agreement) relating to the Series 2015A Bond in accordance with Section 3.08 of the Series  
188 2015A Loan Agreement, the Maximum Principal Amount (as defined in the Series 2015A Bond) of  
189 the Series 2015A Bond shall be reduced accordingly and such Maximum Principal Amount as so  
190 reduced shall be amortized as provided in the Series 2015A Loan Agreement. In such event, as  
191 determined by the Administration, the City may execute and deliver (in the manner provided for in  
192 Sections 5 and 7 hereof) a new Series 2015A Bond evidencing such reduction in the Loan  
193 Commitment and/or such other certificates, documents or evidence as the Administration may  
194 require pursuant to Section 3.08 of the Series 2015A Loan Agreement.

195 (f) The City shall pay (i) a late charge for any payment of principal of or interest on the  
196 Series 2015A Bond that is received later than the tenth (10th) day following its due date, in an  
197 amount equal to 5% of such payment, and (ii) interest on overdue installments of principal and (to  
198 the extent permitted by law) interest at the Default Rate provided for in the Series 2015A Loan  
199 Agreement, which Default Rate shall be equal to 100% of the average of the weekly Bond Buyer  
200 11-Bond Index for the calendar month prior to the month in which the Series 2015A Bond is  
201 delivered, provided that the rate determined by such calculation may be rounded down by the  
202 Administration in its sole discretion. Amounts payable pursuant to this subsection (f) shall be  
203 immediately due and payable to the Administration and interest at the Default Rate shall continue to  
204 accrue on overdue installments of principal and (to the extent permitted by law) interest until such  
205 amounts are paid in full.

206 (g) The principal of the Series 2015B Bond advanced under the Series 2015B Loan  
207 Agreement (as defined in Section 8(b) hereof) shall be payable upon demand by the Administration  
208 in accordance with the Series 2015B Loan Agreement, together with interest at an annual rate equal  
209 to one hundred percent (100%) of the average of the weekly Bond Buyer 11-Bond Index for the  
210 calendar month prior to the month in which the Series 2015B Bond is delivered (provided that the  
211 rate determined by such calculation may be rounded down by the Administration in its sole  
212 discretion), accruing from the date on which such demand is made by the Administration, which  
213 demand may be made at any time prior to that date which is the ten (10) year anniversary of the date  
214 of delivery of the Series 2015B Bond.

215 (h) The City shall pay a late charge for any payment of principal of or interest on the  
216 Series 2015B Bond that is received later than the thirtieth (30th) day following the date of demand  
217 for payment of the Series 2015B Bond, in an amount equal to 5% of such payment.

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218 (i) If the Administration determines at any time following delivery of the Series 2015B  
219 Bond to reduce the maximum amount of the Loan Commitment (as defined in the Series 2015B  
220 Loan Agreement) relating to the Series 2015B Bond in accordance with Section 3.08 of the Series  
221 2015B Loan Agreement, the Maximum Principal Amount (as defined in the Series 2015B Bond) of  
222 the Series 2015B Bond shall be reduced accordingly. In such event, as determined by the  
223 Administration, the City may execute and deliver (in the manner provided for in Sections 5 and 7  
224 hereof) a new Series 2015B Bond evidencing such reduction in the Loan Commitment and/or such  
225 other certificates, documents or evidence as the Administration may require pursuant to Section  
226 3.08 of the Series 2015B Loan Agreement.

227 (j) PURSUANT TO THE CLEAN WATER ACT, AS AMENDED BY FEDERAL  
228 APPROPRIATION OR AUTHORIZATION ACTS AND SECTION 9-1605(d)(9) OF THE  
229 MWQFA ACT, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE  
230 PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE SERIES 2015B LOAN  
231 AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE  
232 SERIES 2015B LOAN AGREEMENT AND THE SERIES 2015B BOND SO LONG AS  
233 THE CITY PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE SERIES 2015B  
234 LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY  
235 SUCH OTHER OBLIGATIONS UNDER THE SERIES 2015B LOAN AGREEMENT HAVE  
236 NOT BEEN PERFORMED BY THE CITY, PAYMENT OF THE PRINCIPAL OF THE LOAN  
237 EVIDENCED BY THE SERIES 2015B BOND AND THE INTEREST THEREON FROM THE  
238 DATE OF DEMAND AT THE RATE DETERMINED IN ACCORDANCE WITH  
239 SUBSECTION (g) ABOVE WILL BE DUE AND PAYABLE UPON DEMAND. IF THE  
240 ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND  
241 INTEREST ON THE SERIES 2015B BOND BY THAT DATE WHICH IS THE TEN (10) YEAR  
242 ANNIVERSARY OF THE DATE OF DELIVERY OF THE SERIES 2015B BOND, THEN THE  
243 ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE  
244 LOAN EVIDENCED BY THE SERIES 2015B BOND AND INTEREST THEREON, THE  
245 SERIES 2015B BOND SHALL BE DEEMED CANCELLED AND THE LOAN EVIDENCED  
246 BY THE SERIES 2015B BOND AND THE SERIES 2015B LOAN AGREEMENT SHALL BE  
247 DEEMED TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

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

254 (l) Notwithstanding the foregoing provisions of this Section 3, in the event of a  
255 discrepancy between the provisions of the Series 2015A Loan Agreement, the Series 2015A Bond,  
256 the Series 2015B Loan Agreement or the Series 2015B Bond and this Section 3, as applicable, the

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257 provisions of the Series 2015A Loan Agreement, the Series 2015A Bond, the Series 2015B Loan  
258 Agreement or the Series 2015B Bond, as applicable, shall control.

259 SECTION 4. BE IT FURTHER RESOLVED that the Series 2015A Bond shall be subject  
260 to mandatory prepayment, in whole or in part, as, when and to the extent required by the United  
261 States Environmental Protection Agency’s (and its successors) State Revolving Fund Program  
262 Regulations. Otherwise, the Series 2015A Bond may be prepaid by the City, in whole or in part,  
263 only at such times and in such amounts, and upon payment by the City of such prepayment  
264 premium or penalty, as the Director of the Administration, in his or her discretion, may specify and  
265 approve.

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

273 SECTION 6. BE IT FURTHER RESOLVED that the Series 2015A Bond shall be  
274 transferable only after the first principal payment date as set forth in such Series 2015A Bond or the  
275 date upon which the Maximum Principal Amount of the Series 2015A Bond has been borrowed,  
276 whichever is earlier, and the Series 2015B Bond shall be transferable only after the date upon which  
277 the Maximum Principal Amount of the Series 2015B Bond has been borrowed. Each Bond shall be  
278 transferable upon the books of the City at the office of the Director of Internal Services, by the  
279 registered owner in person or by his attorney duly authorized in writing, upon surrender thereof,  
280 together with a written instrument of transfer satisfactory to the Director of Internal Services, duly  
281 executed by such registered owner or his duly authorized attorney. The City shall, within a  
282 reasonable time, issue in the name of the transferee a new registered bond or bonds of the same  
283 series as the bond surrendered, in such denominations as the City shall by resolution approve, in an  
284 aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered,  
285 and with the same maturities and interest rate, as applicable, and, with respect to any bond or bonds  
286 exchanged for the Series 2015B Bond, the same forgiveness provisions. If more than one bond is  
287 issued upon any such transfer of the Series 2015A Bond, the installment of principal and interest to  
288 be paid on each such bond on each payment date shall be equal to the product of the following  
289 formula: the total installment due on each payment date multiplied by a fraction, the numerator of  
290 which shall be the principal amount of such bond and the denominator of which shall be the  
291 aggregate principal amount of the bonds representing the Series 2015A Bond then outstanding and  
292 unpaid. The new bond or bonds shall be delivered to the transferee only after payment of any taxes  
293 on and any shipping or insurance expenses relating to such transfer. The City may deem and treat  
294 the party in whose name a Bond is registered as the absolute owner thereof for the purpose of  
295 receiving payment of or on account of the principal thereof and interest due thereon and for all other  
296 purposes. References in this Resolution to a Bond shall be deemed to refer to any bond or bonds

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297 transferred for such Bond in accordance with the provisions of this Section 6, and references in this  
298 Resolution to the registered owner of a Bond shall be deemed to refer to any or all of the registered  
299 owners of bonds of such series contemplated by this Section 6, as applicable.

300 SECTION 7. BE IT FURTHER RESOLVED that unless the Council provides otherwise  
301 by resolution adopted prior to delivery of the Bonds, (i) the Series 2015A Bond shall be issued in  
302 substantially the form of Exhibit F to the substantially final form of the Series 2015A Loan  
303 Agreement that is attached hereto as Exhibit A, and (ii) the Series 2015B Bond shall be issued in  
304 substantially the form of Exhibit F to the substantially final form of the Series 2015B Loan  
305 Agreement that is attached hereto as Exhibit B. Appropriate variations and insertions to provide  
306 dates, numbers and amounts, including, without limitation, to reflect matters determined in  
307 accordance with Section 3 hereof, and other modifications not altering the substance of the Bonds,  
308 may be made by the Mayor. All of the covenants contained in the forms of Bonds set forth as  
309 Exhibit F to the respective forms of the substantially final forms of the Loan Agreements (as  
310 defined in Section 8(b) hereof) attached hereto as Exhibit A and Exhibit B, respectively, as the  
311 Bonds may be finally completed as provided in this Section 7, are hereby adopted by the City as and  
312 for the forms of obligations to be incurred by the City, and the covenants and conditions are hereby  
313 made binding upon the City, including the promise to pay therein contained.

314 SECTION 8. BE IT FURTHER RESOLVED that:

315 (a) As authorized by the MWQFA Act and Section SC7-46 of the Charter, the City  
316 hereby determines to sell the Bonds to the Administration by private sale, without public bidding,  
317 which sale by private sale is hereby deemed by the City to be in its best interest and in the interest of  
318 its citizens due, in part, to the benefit of the structures of the Bonds as draw-down obligations, the  
319 0.00% interest rate for the Series 2015A Bond and the potential forgiveness of the Series 2015B  
320 Bond. Therefore, and pursuant to the authority of the MWQFA Act and Section SC7-46 of the  
321 Charter, each Bond shall be sold to the Administration by private sale, without public bidding, for a  
322 price of the par amount of such Bond (such purchase price to be advanced in accordance with the  
323 applicable Loan Agreement, as defined in subsection (b) below). Each Bond is referred to in the  
324 corresponding Loan Agreement as the “Note”.

325 (b) The Series 2015A Bond shall be sold to the Administration and the purchase price of  
326 the Series 2015A Bond shall be advanced to the City in accordance with the Loan Agreement  
327 relating to the Series 2015A Bond (the “Series 2015A Loan Agreement”), the substantially final  
328 form of which is attached hereto as Exhibit A. The Series 2015B Bond shall be sold to the  
329 Administration and the purchase price of the Series 2015B Bond shall be advanced to the City in  
330 accordance with the Loan Agreement relating to the Series 2015B Bond (the “Series 2015B Loan  
331 Agreement”), the substantially final form of which is attached hereto as Exhibit B. The Series  
332 2015A Loan Agreement and the Series 2015B Loan Agreement are referred to herein collectively as  
333 the “Loan Agreements” and individually as a “Loan Agreement”, and the terms and conditions of  
334 the Loan Agreements are hereby incorporated by reference herein and approved by and adopted as  
335 the obligations of the City.

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336 (c) The Mayor is hereby authorized and directed to complete, execute and deliver the  
337 Loan Agreements for and in the name of the City with such changes, insertions and deletions as  
338 shall be approved by the Mayor, including, without limitation, to reflect matters determined in  
339 accordance with subsections (b) through (f) of Section 3 above, to provide for the forgiveness  
340 provisions relating to the Series 2015B Bond as reflected in Section 3(j) above, to comply with  
341 program requirements of the Administration, to complete the exhibits to the substantially final  
342 forms of the Loan Agreements attached hereto as Exhibits A and B, or to make such other  
343 modifications as are determined by the Mayor not to be materially adverse to the interests of the  
344 City. Approval of any such changes, insertions or deletions shall be evidenced conclusively by the  
345 Mayor’s execution and delivery of the Loan Agreements in final form. Notwithstanding anything to  
346 the contrary contained in this Resolution, advances under the Loan Agreements or the Bonds,  
347 payment or prepayment of the principal of and any interest on the Bonds, and transfers or exchanges  
348 of the Bonds shall be made in accordance with the respective Loan Agreements. The City agrees to  
349 abide by and perform the covenants and agreements set forth in the Loan Agreements as executed  
350 and delivered in accordance with this Section 8 as though such covenants and agreements were set  
351 forth in full in this Resolution.

352 (d) The City hereby reconfirms the provisions of Section 9 of the Ordinance, which  
353 authorized and directed the City to pay any fees or costs provided for in the Loan Agreements  
354 which are not payable from Bond proceeds, including, without limitation, any administrative fees  
355 and ongoing fees and expenses, and acknowledges that its obligation to pay such amounts shall be  
356 absolute and unconditional as provided in the Loan Agreements. The Exhibits to the substantially  
357 final forms of the Loan Agreements attached hereto as Exhibits A and B currently contemplate that  
358 no administrative fees shall be charged by the Administration in connection with the Bonds.

359 (e) The City hereby reconfirms the provisions of Section 6(b) of the Ordinance, which  
360 acknowledged that the provisions of Article IV of each Loan Agreement (Events of Default and  
361 Remedies) allow for, among other remedies, all payments on the applicable Bond to be declared  
362 immediately due and payable upon the occurrence of an Event of Default provided for in such Loan  
363 Agreement.

364 (f) As security for payment of the Bonds and any other amounts due under the Loan  
365 Agreements, the City hereby acknowledges, confirms and agrees that the pledge of moneys that the  
366 City is entitled to receive from the State of Maryland, as authorized by Section 9-1606(d) of the  
367 MWQFA Act and provided for in Section 7 of the Ordinance, is set forth in Section 3.05(c) of each  
368 Loan Agreement.

369 SECTION 9. BE IT FURTHER RESOLVED that as soon as may be practicable after the  
370 adoption of this Resolution, the Bonds shall be suitably prepared in definitive form, executed and  
371 delivered to the Administration on a date mutually acceptable to the Administration and the Mayor.  
372 The Mayor, the City Administrator of the City (the “City Administrator”), the Director of Internal  
373 Services, the City Clerk and all other appropriate officials and employees of the City are expressly  
374 authorized, empowered and directed to take any and all action necessary to complete and close the  
375 sale and delivery of the Bonds to the Administration and to negotiate, approve, execute and deliver

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Underlining : Indicates material added by amendment after introduction  
~~Strike-through~~ : Indicates material deleted by amendment after introduction

376 all documents, certificates and instruments necessary or appropriate in connection therewith.  
377 Any two of the President of the Council, the Vice-President of the Council, the Director of Internal  
378 Services, the Assistant Director of Internal Services-Finance Operations of the City (the “Assistant  
379 Director of Internal Services-Finance Operations”), or the Assistant Director of Internal Services-  
380 Finance Accounting (the “Assistant Director of Internal Services-Finance Accounting”) are hereby  
381 expressly authorized to take any necessary actions under the Loan Agreements or the Bonds in  
382 order to requisition advances of Bond proceeds on behalf of the City; provided that, if Section SC7-  
383 25 of the Charter at any time authorizes different or additional City officials to requisition advances  
384 of Bond proceeds, such different or additional officials are hereby authorized to take such actions.  
385 Any two of the President of the Council, the Vice-President of the Council, the Director of Internal  
386 Services, the Assistant Director of Internal Services-Finance Operations, or the Assistant Director of  
387 Internal Services-Finance Accounting are hereby expressly designated as the “Authorized Officer”  
388 for purposes of the Loan Agreements. In addition, to the extent the actions of an Authorized Officer  
389 contemplated in a Loan Agreement does not fit within the provisions of Section SC7-25 of the  
390 Charter, the Mayor, the City Administrator and the Director of Internal Services are each hereby  
391 expressly designated an “Authorized Officer” for purposes of the Loan Agreements.

392 SECTION 10. BE IT FURTHER RESOLVED that each advance of the proceeds of the  
393 Bonds shall be paid directly to the City and shall be deposited by the Director of Internal Services or  
394 other appropriate City official in the proper municipal accounts, or shall be paid at the direction of  
395 the Authorized Officer, or shall be paid as otherwise required by the Administration. Advances  
396 under the Bonds shall be used and applied by the City exclusively and solely for the public purposes  
397 described in Section 2 hereof, unless this Resolution and, to the extent applicable, the Ordinance,  
398 are amended or supplemented to provide for some other use within the limitations of applicable law  
399 and with the consent of the Administration. Nothing in this Resolution shall be construed to  
400 authorize the expenditure of any moneys except for a proper public purpose. The proceeds of the  
401 Bonds are hereby appropriated for the purposes set forth in this Resolution.

402 SECTION 11. BE IT FURTHER RESOLVED that:

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

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Underlining : Indicates material added by amendment after introduction  
~~Strike-through~~ : Indicates material deleted by amendment after introduction

415 during the period that such Bond remains outstanding and unpaid to provide the funds necessary to  
416 pay promptly the principal and interest due thereon.

417 (b) Notwithstanding the provisions of subsection (a) above, the principal of and interest  
418 on the Bonds will be payable in the first instance from revenues received by the City in connection  
419 with the operation of the wastewater system and the water supply system serving the City, including  
420 charges for use of or connection to such systems, all to the extent such revenues are lawfully  
421 available for such purpose. To the extent of any such revenues received or receivable in any fiscal  
422 year, the taxes hereby required to be levied may be reduced proportionately.

423 (c) The foregoing provisions shall not be construed so as to prohibit the City from  
424 paying the principal of and interest on the Bonds from the proceeds of the sale of any other  
425 obligations of the City or from any other funds legally available for that purpose. Subject to  
426 applicable law or restrictions, the City may apply to the payment of the principal of or interest on  
427 each Bond any funds received by it from the State of Maryland or the United States of America, or  
428 any governmental agency or instrumentality, or from any other source, if the funds are granted or  
429 paid to the City for the purpose of assisting the City in accomplishing the type of project or projects  
430 the costs of which such Bond is issued to finance or reimburse or are otherwise available for such  
431 purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes  
432 hereby required to be levied may be reduced proportionately.

433 (d) Wastewater system and water supply system revenues are intended to be the  
434 dedicated sources of revenues with respect to the Bonds required by Section 9-1605(d)(1)(iii) of the  
435 MWQFA Act, to the extent lawfully available for such purpose. Such revenues may be referred to  
436 by similar, but not exact references, on any applicable Exhibits to the Loan Agreements.

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

441 SECTION 17. BE IT FURTHER RESOLVED that this Resolution shall become effective  
442 upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A,  
443 this Resolution may not be petitioned to referendum.

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Underlining : Indicates material added by amendment after introduction  
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447 THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the  
448 City of Salisbury held on the \_\_\_\_\_ day of  
449 \_\_\_\_\_, 2015.

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451  
452 ATTEST:

453  
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455 \_\_\_\_\_  
456 Kimberly R. Nichols, City Clerk Jacob R. Day, Council President

457  
458  
459 APPROVED BY ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015

460  
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463 \_\_\_\_\_  
464 James Ireton, Jr., Mayor

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468 #173106;58111.034

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EXHIBIT A

FORM OF LOAN AGREEMENT RELATING TO SERIES 2015A BOND

[See Attached]

EXHIBIT B

FORM OF LOAN AGREEMENT RELATING TO SERIES 2015B BOND

[See Attached]

LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY  
FINANCING ADMINISTRATION

and

CITY OF SALISBURY

Dated as of           , 2015

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## LOAN AGREEMENT

THIS LOAN AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2015 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 City of Salisbury, a municipal corporation 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 \_\_\_\_\_, 2015

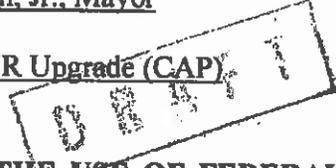
this \_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
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 Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)



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

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

NONE

**ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:**

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

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

DL-04/07/15

A-1

EXHIBIT B  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

DESCRIPTION OF THE LOAN

- (1) Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)
- (2) Maximum Principal Amount of Loan Commitment: \$34,545,000
- (3) Rate of Interest: 0.0 %
- (4) Repayment Schedule:
- (a) 20 years  
\$1,000 Mini Principal Payment Date: N/A  
Date of First of 20 Principal Payments: February 1, 2018
- (b) Level Principal \_\_\_\_\_; or  
Level Debt Service \_\_\_\_\_; or  
Other X
- (5) Annual Administrative Fee: \$ -0-, beginning August 1, N/A
- (6) Estimated Completion Date of Project: November 2017
- (7) Default Rate: \_\_\_\_\_ % (Based upon the \_\_\_\_\_ average of the Bond Buyer 11-Bond Index)
- (8) Description of Project: The project entails the planning, design and construction of Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) upgrades at the existing 8.5 million gallons per day (mgd) Salisbury Wastewater Treatment Plant (WWTP). Upon completion the BNR and ENR improvements, along with the solids processing and plant drain pump station upgrades, the Salisbury WWTP will be capable of achieving an annual effluent concentration goal of 3.0 mg/L for Total Nitrogen (TN) and 0.3 mg/L for Total Phosphorus (TP), significantly reducing nutrients discharge to Wicomico River and ultimately the Chesapeake Bay.

DRAFT  
DRAFT

DL-04/08/15

EXHIBIT C  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

**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

**Subtotal Loan:** \$ \_\_\_\_\_

**Allocated  
Amount of 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

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

**Total Loan:** \$34,545,000

**Allocated  
Amount of Loan**

DL-04/07/15

EXHIBIT C  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)



C. Construction Cash Draw Schedule\*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 15 Q4 (Jul 15 – Sep 15)	\$ 3,454,500
FFY 16 Q1 (Oct 15 – Dec 15)	\$ 3,454,500
FFY 16 Q2 (Jan 16 – Mar 16)	\$ 3,454,500
FFY 16 Q3 (Apr 16 – Jun 16)	\$ 3,454,500
FFY 16 Q4 (Jul 16 – Sep 16)	\$ 3,454,500
FFY 17 Q1 (Oct 16 – Dec 16)	\$ 3,454,500
FFY 17 Q2 (Jan 17 – Mar 17)	\$ 3,454,500
FFY 17 Q3 (Apr 17 – Jun 17)	\$ 3,454,500
FFY 17 Q4 (Jul 17 – Sep 17)	\$ 3,454,500
FFY 18 Q1 (Oct 17 – Dec 17)	\$ 3,454,500
<b>Total Disbursements:</b>	<b>\$34,545,000</b>

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

DL-04/07/15

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 \_\_\_\_\_, 2015 (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 2015, dated \_\_\_\_\_, 2015 (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.

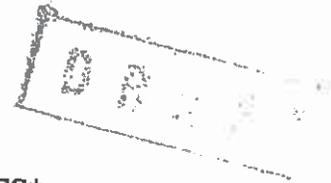
(g) To the best of our knowledge after reasonable investigation, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or public board or body pending or threatened against or affecting the Borrower that, if adversely determined, would 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 Ireton, Jr., Mayor  
**Project Name:** Salisbury WWTP BNR/ENR Upgrade (CAP)



**DESCRIPTION OF DEDICATED REVENUES\***

**Sewer and Water user charges, including any and all fees for use of the public sewer and water system or connection to it.**

**\* 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.**

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA  
STATE OF MARYLAND

[NAME OF BORROWER]  
WATER QUALITY BOND, SERIES 2015  
Dated \_\_\_\_\_, 2015

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 \_\_\_\_\_, 2015 (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> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>
2016		2025	
2017		2026	
2018		2027	
2019		2028	
2020		2029	
2021		2030	
2022		2031	
2023		2032	
2024		2033	

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.

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 \_\_\_\_\_, 2015.

(SEAL)

ATTEST:

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

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

**LOAN AGREEMENT**

**By and Between**

**MARYLAND WATER QUALITY  
FINANCING ADMINISTRATION**

**and**

**CITY OF SALISBURY**

**Dated as of           , 2015**

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## LOAN AGREEMENT

THIS LOAN AGREEMENT, made this            day of            , 2015 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 City of Salisbury, a municipal 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 \_\_\_\_\_, 2015

this \_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
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 Ireton, Jr., Mayor  
  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

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

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

NONE

**ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:**

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

1. 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.
3. The last sentence of Section 3.03(c) "Interest During Construction" is deleted in its entirety.

DL-04/08/15

**EXHIBIT A  
to Loan Agreement**

**Borrower Name:** City of Salisbury  
**Address:** 125 N. Division Street  
Salisbury, MD 21801-4940  
**Attention:** The Honorable James Ireton, Jr., Mayor  
**Project Name:** Salisbury WWTP BNR/ENR Upgrade (CAP)



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

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(c) "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.
9. The Borrower agrees to comply with the Use of American Iron and Steel requirement of federal law, which provides that all of the iron and steel products used in the Project are produced in the United States, unless a waiver is granted.

DL-04/08/15

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

**DESCRIPTION OF THE LOAN**

- (1) Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)
- (2) Maximum Principal Amount of Loan Commitment: \$1,500,000
- (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: November 2017
- (6) Default Rate: \_\_\_\_\_% (Based upon the (insert month) 2015  
average of the Bond Buyer 11-Bond Index)
- (7) Description of Project: The project entails the planning, design and construction of Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) upgrades at the existing 8.5 million gallons per day (mgd) Salisbury Wastewater Treatment Plant (WWTP). Upon completion the BNR and ENR improvements, along with the solids processing and plant drain pump station upgrades, the Salisbury WWTP will be capable of achieving an annual effluent concentration goal of 3.0 mg/L for Total Nitrogen (TN) and 0.3 mg/L for Total Phosphorus (TP), significantly reducing nutrients discharge to Wicomico River and ultimately the Chesapeake Bay.

DL-04/07/15

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

**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:** \$ 1,500,000

DL-04/07/15

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury, MD 21801-4940  
Attention: The Honorable James Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)

DRAFT

C. Construction Cash Draw Schedule\*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 15 Q4 (Jul 15 – Sep 15)	\$ 180,225
FFY 16 Q1 (Oct 15 – Dec 15)	\$ 180,225
FFY 16 Q2 (Jan 16 – Mar 16)	\$ 180,225
FFY 16 Q3 (Apr 16 – Jun 16)	\$ 180,225
FFY 16 Q4 (Jul 16 – Sep 16)	\$ 180,225
FFY 17 Q1 (Oct 16 – Dec 16)	\$ 180,225
FFY 17 Q2 (Jan 17 – Mar 17)	\$ 180,225
FFY 17 Q3 (Apr 17 – Jun 17)	\$ 180,225
FFY 17 Q4 (Jul 17 – Sep 17)	\$ 58,200
<b>Total Disbursements:</b>	<b>\$1,500,000**</b>

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

\*\* PRINCIPAL FORGIVENSS WILL BE PAID IN FULL

DL-04/13/15

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 \_\_\_\_\_, 2015 (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 2015, dated \_\_\_\_\_, 2015 (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.

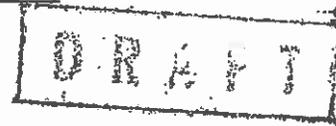
(f) Neither the execution and delivery of the Loan Documents, the consummation of the transactions contemplated thereby, the acquisition and construction of the Project nor the fulfillment of or compliance with the terms and conditions of the Loan Documents conflicts with or results in a breach of or 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 Ireton, Jr., Mayor  
Project Name: Salisbury WWTP BNR/ENR Upgrade (CAP)



**DESCRIPTION OF DEDICATED REVENUES\***

Sewer and Water user charges, including any and all fees for use of the public sewer and water system or connection to it.

\* 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-04/08/15

\$(MAX. AMT.)

R-1

UNITED STATES OF AMERICA  
STATE OF MARYLAND

[NAME OF BORROWER]  
WATER QUALITY BOND, SERIES 2015  
Dated \_\_\_\_\_, 2015

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 \_\_\_\_\_, 2015 (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 \_\_\_\_\_, 2015.

(SEAL)

ATTEST:

[NAME OF BORROWER]

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

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

# City of Salisbury



MARYLAND



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

To: Thomas Stevenson, Jr., City Administrator  
From: Michael Moulds, Director of Public Works *MSM*  
Date: May 7, 2015  
Re: Change Order Procedures for Contract 107-15 Salisbury WWTP BNR/ENR Upgrade

The Wastewater Treatment Plant (WWTP) Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) Upgrade will begin construction in June 2015. The City is operating under a Consent Order from the State of Maryland which requires that the startup of the upgraded WWTP must be achieved by December 31, 2017. The construction contract value is \$50,150,000. The existing WWTP will stay in operation during the upgrade as treatment processes are constructed and brought into service. Due to the size and complexity of the project, there is a potential for change orders for unforeseen conditions. Change orders can delay the project and can jeopardize the schedule.

During the previous WWTP upgrade in 2006 (Contract 114-05), Resolution No. 1360 was passed to modify and temporarily increase the approval limits for change orders. Contract 114-05 had a total of 27 change orders. The breakdown of change order tiers are:

Change Order Tier	# of change orders in each tier	Total value of change orders
<\$50,000	11 change orders	\$361,483.00
\$50,000 to \$100,000	7 change orders	\$513,839.00
\$100,000 to \$150,000	6 change orders	\$748,122.00
Other (time only or greater than \$150,000)	3 change orders	\$3,524,775.00
Contract 114-05 Total	27 change orders	\$5,148,219.00

Public Works found this process to be successful and respectfully requests consideration to temporarily increase the change order approval limits for the current WWTP upgrade as noted on the attached Resolution.

Per the discussion at the May 4, 2015 work session, the resolution language has been revised based on City Attorney comments and to clarify that approved change orders which are less than \$150,000 will be placed on the next legislative meeting agenda for public informational purposes.

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

1 RESOLUTION NO. 2506

2  
3 A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND APPROVING THE  
4 TEMPORARY INCREASE OF THE APPROVAL LIMITS OF THE CHANGE ORDERS FOR  
5 THE UPGRADE OF THE CITY'S WASTEWATER TREATMENT PLANT.

6  
7 WHEREAS, the City of Salisbury is performing a complex and challenging upgrade of the  
8 Wastewater Treatment Plant; and

9  
10 WHEREAS, despite very detailed engineering and review, there is a high probability of needing  
11 to make changes to the construction documents due to numerous variables and unforeseen site  
12 conditions; and

13  
14 WHEREAS, the "Change Order" is the financial and contractual authorization and management  
15 control document used by the City to make modifications to a contract in time, financial, or other  
16 consideration; and

17  
18 WHEREAS, since this project's scope is large and requires considerable amount of expensive  
19 equipment, numerous sub-contractors, and specialized materials requiring long lead-times,  
20 change orders need to be approved quickly or the City risks delay claims by the contractor if  
21 their workforce is idle during an unanticipated time period; and

22  
23 WHEREAS, depending on when an idle period could occur in the construction schedule and how  
24 it impacts the project's critical path, the idle period could impact the overall construction  
25 completion date; and

26  
27 WHEREAS, the City is under an Amended Consent Order with the State of Maryland to start up  
28 the upgraded Wastewater Treatment Plant by December 31, 2017; and

29  
30 WHEREAS, implementing a temporary increase to the change order limit will minimize the  
31 potential liability of the City by causing time delay of the General Construction Contractor in  
32 approving Change Orders to the upgrade of the Wastewater Treatment Plant contract.

33  
34 NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Salisbury, Maryland  
35 does hereby authorize temporary increase in Change Orders authorizations in accordance with  
36 the following provisions:

- 37 1. Project Specific: These Change Order limit changes are only applicable to the City of  
38 Salisbury Contract No. 107-15 Wastewater Treatment Plant Upgrade.  
39 2. Time Period: These Change Order limit changes are only authorized during the period of  
40 June 1, 2015 to December 31, 2017 unless otherwise adjusted by authorized change  
41 order.  
42 3. All change orders shall be initiated by the Department of Public Works and submitted to  
43 the Procurement Department for review and processing.  
44 4. Tiered Authority: Three tiers of authority are proposed to be established, which are:  
45 a. Change Orders of \$50,000 or less shall be approved by the Assistant Director of  
46 Internal Services – Procurement & Parking;

- 47           b. Change Orders of \$50,000 to \$100,000 shall be approved by the Mayor; and  
48           c. Change Orders of \$100,000 to \$150,000 shall be approved by the Mayor and a City  
49           Council member selected by the President of the City Council.
- 50       5. Budget Authority: Regardless of amount, Change Orders shall only be approved within  
51       the City Council and Maryland Department of the Environment allocated funds for the  
52       project. Any change order exceeding funds available for the project shall be approved by  
53       the City Council and Maryland Department of the Environment.
- 54       6. Timely Notification: The City Council shall be informed in writing on the Change Order  
55       and justification within two business days following the approval of the Change Order as  
56       defined in the tiered authority in paragraph 3, above.
- 57       7. Public Meeting: All Change Orders valued at less than \$150,000 shall be placed on the  
58       Agenda of the next legislative City Council meeting after the Change Order was issued  
59       for public informational purposes. All Change Orders valued at more than \$150,000  
60       shall be placed on an Agenda of a legislative City Council meeting for ratification.

61  
62 THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting of the  
63 Council of the City of Salisbury held on this \_\_\_\_ day of \_\_\_\_\_, 2015 and is to become  
64 effective immediately upon adoption.

65  
66 ATTEST:

67  
68  
69 \_\_\_\_\_  
70 Kimberly R. Nichols  
71 CITY CLERK

\_\_\_\_\_

Jacob R. Day  
PRESIDENT, City Council

72  
73 APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2015

74  
75  
76 \_\_\_\_\_  
77 James Ireton, Jr.  
78 MAYOR, City of Salisbury

---

INTER

OFFICE

# MEMO

---

## *OFFICE OF THE MAYOR*

**To:** Tom Stevenson, City Administrator  
**From:** Julia Glanz, Assistant City Administrator  
**Subject:** PAC-14 New Contract  
**Date:** May 13, 2015

---

Please find a resolution which enters into a new contract with PAC-14. It is in the City's best interest to renew this contract.

Unless you or the Mayor have any further comments, please forward this memo and the attachments to the Council for their discussion and consideration at a work session.

Attachment: Resolution for a New Contract with PAC-14

RESOLUTION NO. 2507

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND AUTHORIZING THE  
MAYOR TO SIGN A NEW CONTRACT WITH PAC 14, INC.

WHEREAS, the current Contract between the City of Salisbury and PAC 14 expired on January  
10, 2013; and

WHEREAS, the Board of Directors of PAC 14 Inc. and the City of Salisbury have continued to  
operate under the conditions of the expired contract; and

WHEREAS, the Mayor and Council believe that it is in the best interest of the City to renew the  
contract with PAC 14 Inc.

NOW, THEREFORE, BE IT RESOLVED that the Salisbury City Council hereby authorizes the  
Mayor to sign the attached Contract with PAC 14, Inc.

The above resolution was introduced, read, and passed at the regular meeting of the Salisbury  
City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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

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

APPROVED by me this  
\_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
James Ireton, Jr.  
MAYOR, City of Salisbury

CONTRACT BETWEEN CITY OF SALISBURY, MARYLAND

AND

PAC 14 INC.

**AGREEMENT**

This Agreement is made this \_\_\_\_ day of May, 2015, by and between the City of Salisbury, a municipal corporation ("City"), and PAC 14 Inc., a non-profit corporation. The prior agreement between these parties, dated January 12, 2011, expired on January 10, 2013. The parties have been acting voluntarily pursuant to the terms of the expired contract and agree that the terms of the expired contract are active, and shall be renewed with this new contract. The parties agree as follows:

**RECITALS**

1. The City desires to provide support for the use of cable television public, educational, and government ("PEG") access channels provided pursuant to federal law.
2. The City is in the process of renewing a franchise to Comcast with Comcast Cable to operate a cable television system in the City.
3. The franchise agreement with Comcast Cable has in the past and is expected in the future to provide for three (3) PEG Access channels (1 Public, 1 Educational, and 1 Governmental).
4. The franchise agreement with Comcast Cable has in the past and is expected in the future to provide that certain ongoing payment be made by Comcast for PEG access support upon joint agreement of the City and Comcast.
5. Salisbury City Code Section 5.22.270 establishes that the City will dedicate a portion of the franchise fee that it receives from cable operators to support PEG access.
6. PAC 14 Inc., as the access management entity designated by the City, has indicated its interest in serving the community by providing PEG access programming and services.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

**SECTION 1. SCOPE OF SERVICES.** In exchange for the funding provided by the City to PAC 14 Inc., pursuant to this Agreement, PAC 14 Inc. shall provide the following services:

- A. OPERATE PUBLIC, EDUCATIONAL, AND GOVERNMENT ACCESS CABLE CHANNEL (S). Operate PE access channel(s) as required pursuant to the cable franchise agreements for public/community/educational/government access programming purposes in a manner which is consistent with City Ordinance 1669. Public access channels shall be operated in a manner the primary purpose of which is to administer, coordinate, and assist those requesting access on a first come non-discriminatory basis; and to

operate the educational and government access channel(s) for community access programming purposes with the primary purpose being to administer, coordinate, and assist governmental and educational institutions requesting access on a non-discriminatory basis, which includes the broadcast of live and taped local governmental programs.

- B. OPERATE A COMMUNITY ACCESS CENTER. Manage a video production facility and equipment, available for public use at such hours and times as are determined by PAC 14 Inc. Access to equipment and facilities shall be open to all who satisfactorily complete training class(es) provided by PAC-14 or who receive a certification from PAC-14 identifying said person(s) as having satisfied training requirements through means other than PAC-14 training classes.
- C. PROVIDE EQUAL ACCESS. Provide access to the use of the equipment, facilities, channels, and services provided hereunder on a non-discriminatory basis to all members of the community for non-commercial programming purposes, whether they are individuals, groups, organizations, educational institutions or the City of Salisbury pursuant to operating rules promulgated by PAC 14 Inc., and consistent with the principles set forth in the PAC 14 Policies and Procedures.
- D. DEVELOP OPERATING POLICIES AND PROCEDURES. Develop policies and procedures for use and operation of the PEG access equipment, facilities, and channel(s) and file such policies and procedures with the City.
- E. COMPLIANCE WITH LAWS, RULES, AND REGULATIONS. Administer the PEG access channel(s) and facilities in compliance with applicable laws, rules, regulations, the Maryland Open Meetings Act, and in accordance with PAC 14 Policies and Procedures.
- F. TRAINING. Train City residents, and when requested, City, school and college employees in the techniques of video production, and provide technical advice in the execution of productions.
- G. PLAYBACK/CABLECAST. Provide for the playback/cablecasting of programs, as described in the PAC 14 Inc. Policies and Procedures, on the PEG access channel(s).
- H. MAINTENANCE OF EQUIPMENT. Provide regular maintenance and repair of all video equipment purchased with monies received pursuant to this Agreement and/or donated, loaned, or leased to PAC 14 Inc. by the City.
- I. SPECIAL NEEDS GROUPS. Support special needs groups, where possible, including but not limited to the hearing impaired, in program production through training and other means.
- J. PROMOTION. Actively promote the use and benefit of the PEG access channel(s) and facilities to cable subscribers, the public, and PEG access users.

- K. PERFORMANCE REVIEW. PAC 14 Inc. shall, if requested by the City, after three (3) years of operation under this Agreement, contract with an entity expert in access from outside Wicomico County to conduct a performance review of PAC 14 Inc. operations. This review shall include an opportunity for PEG access users and cable subscribers to provide input. Upon completion, a copy of the performance review shall be provided to the City.
- L. OTHER ACTIVITIES. Undertake other PEG access programming activities and services as deemed appropriate by PAC 14 Inc., and consistent with the obligation to facilitate and promote access programming and provide non-discriminatory access.

SECTION 2. CHANNELS OPEN TO PUBLIC: PAC 14 Inc. agrees to keep the PEG access channel(s) open to all potential users regardless of their viewpoint, subject to FCC regulations and other relevant laws. Neither the City, nor the Cable Company(s), nor PAC 14 Inc. shall have the authority to control the content of programming placed on the public access channel(s) so long as such programming is lawful. Provided that, nothing herein shall prevent PAC 14 Inc., the City, or Cable Company from producing or sponsoring programming, from underwriting programming, or from engaging in activities designed to promote production of certain types of programming or use by targeted groups as consistent with applicable law and rules for use of channels. PAC 14 Inc. may develop and enforce policies and procedures which are designed to promote local use of the channel(s) and make programming accessible to the viewing public, consistent with such time, manner, and place regulations as are appropriate to provide for and promote use of PEG access channels, equipment and facilities.

SECTION 3. INDEMNIFICATION. PAC 14 Inc. shall indemnify, defend, and hold harmless the City, its officers, agents, and employees and volunteers from and against any and all claims, suits, actions, causes of action, losses, damage, or liabilities of any kind, nature or description, including, payment of litigation costs and attorneys' fees, brought by any person or persons for or on account of any loss, damage or injury to person, property or any other interest, tangible or intangible, sustained by or accruing to any person or persons, howsoever the same may be caused, directly or indirectly arising or resulting from any alleged acts or omission of the PAC 14 Inc., its officers, employees, agents or subcontractors arising out of or resulting from the performance of this Agreement.

PAC 14 Inc. shall indemnify and hold harmless City, its officers, agents, employees and volunteers from and against any and all claims or other injury, including costs of litigation and attorney's fees, arising from or in connection with claims or loss or damage to person or property arising out of the failure to comply with any applicable laws, rules, regulations or other requirements of local, state or federal authorities, for claims of libel, slander, invasion of privacy, or infringement of common law or statutory copyright, for breach of contract or other injury or damage in law or at equity which, directly or indirectly, result from PAC 14 Inc.'s use of channels, funds, equipment, facilities or staff granted under this Agreement or the franchise agreement.

The City shall indemnify, defend, and hold harmless PAC 14 Inc., its officers, agents and employees from and against any and all claims, losses, liabilities, or damage including payment of reasonable attorneys' fees arising out of or resulting from the performance of this Agreement, caused in whole or part by any act or omission of the City.

SECTION 4. COPYRIGHT CLEARANCE. Before cablecasting video transmissions PAC 14 Inc. shall require all users to agree in writing that they shall make all appropriate arrangements to obtain all rights to all material, cablecast and clearances from broadcast stations, networks, sponsors, music licensing organizations' representatives, and without limitation from the foregoing, any and all other persons as may be necessary to transmit its or their program material over the PEG access channels that are operated and managed by PAC 14 Inc. PAC 14 Inc. shall maintain for the applicable statute of limitations for the City's inspection, upon reasonable notice by City and for the term of the applicable statute of limitations, copies of all such user agreements.

SECTION 5. COPYRIGHT AND OWNERSHIP. PAC 14 Inc. shall own the copyright of any programs that it may choose from time to time to produce. Copyright of programming produced by the public shall be held by such person(s) or entity(ies) who produce said programming.

SECTION 6. DISTRIBUTION RIGHTS.

- A. PAC 14 Inc. shall require that all programs produced with funds, equipment, facilities, or staff granted under this Agreement shall be distributed on channels the use of which are authorized by this Agreement. This subparagraph shall not be interpreted to restrict other distribution (beyond distribution on channels authorized by this Agreement), so long as such other distribution is consistent with any pertinent guidelines established in the PEG access operating policies and procedures.
- B. At least at the beginning and end of each day that video programming is cablecast on the PEG access channels the use of which is authorized by this Agreement, PAC 14 Inc. shall display and credit the major funding partners.

SECTION 7. EQUIPMENT AND FACILITIES.

- A. PAC 14 Inc. shall be responsible for maintenance of all equipment and facilities owned, leased or loaned to it under this Agreement or purchased with funds provided pursuant to this Agreement.
- B. PAC 14 Inc. shall own all equipment and facilities acquired by it and purchased with funds received pursuant to this Agreement, except that upon termination or non-renewal of this Agreement all such equipment or facilities purchased with funds received pursuant to this Agreement shall become the property of the City and County (in a manner determined by the City and County), which shall ensure that all such equipment or facilities shall be used for PEG access purposes.

To secure all of its obligations under this Agreement PAC 14 Inc. hereby grants to City a security interest in all of the assets and interests owned or hereafter acquired by PAC 14 Inc., with funds provided by the City, and the proceeds thereof, including by not limited to: PAC 14 Inc. deposit accounts and inventory, and all equipment and fixtures, that are or were acquired with funds provided by the City. PAC 14 Inc. agrees to take all steps reasonably requested by City to perfect and enforce the City's security interest, including the execution and processing of financing statements and continuation statements under the Maryland Uniform Commercial Code. PAC 14 Inc. will also notify any institution with which it now or hereafter maintains any deposit account of the existence of the City's security interest in the account and shall provide the City with proof of such notice. The City agrees to subordinate its interest if necessary to finance the purchase of equipment or property. The subordination shall only be with respect to the specific equipment or property that PAC 14 Inc. might wish to finance.

- C. Upon dissolution of PAC 14 Inc., it shall, subject to the approval of the City, transfer all assets of PAC 14 Inc., representing City-funded equipment and facilities, and/or the proceeds of either to the City, or at the City's option, to such organization or organizations designated by the City to manage access which shall at the time qualify as a tax exempt organization(s) under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provisions of any future United States Internal Revenue Law).
- D. Equipment in place at PAC 14 Inc. on the effective date of this Agreement has been funded by City of Salisbury and Wicomico County. Such equipment shall continue to be provided to PAC 14 Inc. for the purposes of this Agreement. Ownership of such equipment is jointly held by the City of Salisbury and Wicomico County. The disposition of such equipment at such time that PAC 14 Inc. is no longer the designated PEG access service provider shall be handled in a manner consistent with Section 7.C. of this Agreement.

SECTION 8. INSURANCE. PAC 14 Inc. shall maintain in full force and effect at all times during the term of this Agreement insurance as required by this Section. The cost of such insurance shall be borne by PAC 14 Inc., and shall be included in PAC 14 Inc.'s annual budget.

- A. **COMPREHENSIVE LIABILITY INSURANCE.** Comprehensive liability insurance, including protective, completed operations and broad form contractual liability, property damage and personal injury coverage, and comprehensive automobile liability including owned, hired, and non-owned automobile coverage, the coverage limits of which shall be: (1) bodily injury including death of \$1,000,000 for each person, each occurrence and aggregate; and (2) property damage of \$1,000,000 for each occurrence and aggregate.
- B. **EQUIPMENT INSURANCE.** Insurance shall be maintained on all equipment and facilities, including fixtures, funded in whole or in part under this Agreement for replacement cost. The insurance shall include, at a minimum, insurance against loss or damage

beyond the user's control, theft, fire, or natural catastrophe. The City shall be shown as lien holder on all policies.

- C. WORKERS' COMPENSATION. Full Workers' Compensation Insurance and Employer's Liability shall be maintained with limits as required by (State) law with an insurance carrier satisfactory to the City.
- D. CABLECASTER'S ERRORS AND OMISSION INSURANCE. Insurance shall be maintained to cover the content of productions which are cablecast on the access channel in, at a minimum, the following areas: libel and slander; copyright or trademark infringement; infliction of emotional distress; invasion of privacy; plagiarism; intellectual property; and misuse of musical or literary materials. This policy shall not be required to cover individual access producers.
- E. CITY AS CO-INSURED OR ADDITIONAL INSURED. The City shall be named as a co-insured or additional insured on all aforementioned insurance coverage's. The policies shall provide that no cancellation, major change in coverage or expiration may be affected by the insurance company or PAC 14 Inc., without first giving the City thirty (30) days written notice prior to the effective date of such cancellation or change in coverage. Any insurance or self-insurance maintained by the City, its officers, agents, employees, or volunteers shall be in excess of the PAC 14 Inc. insurance and shall not contribute to it.
- F. NOTIFICATION OF COVERAGE. PAC 14 Inc. shall file with the City proof of insurance coverage as follows: (1) Comprehensive Liability and Workers' Compensation upon commencement of the employment of the Executive Director; (2) equipment insurance upon the acquisition of any equipment; (3) cablecaster's error and omission insurance with thirty (30) days of the commencement of cablecasting of programming on the designated access channel.

#### SECTION 9. NON-DISCRIMINATION IN EMPLOYMENT AND SERVICE.

- A. PAC 14 Inc. shall not discriminate against any person, employee or applicant for employment or subcontractor on the basis of race, color, creed, religion, sex, sexual orientation, marital status, ancestry, national origin or physical or mental handicap.
- B. Grantee shall not discriminate in the delivery of services on the basis of race, color, creed, religion, sex, sexual orientation, marital status, ancestry, national origin or physical or mental handicap.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that PAC 14 Inc. is an independent contractor and that no relationship of principal/agent or employer/employee exists between the City and PAC 14 Inc. If in the performance of this Agreement any third persons are employed by PAC 14 Inc., such persons shall be entirely and exclusively under the control, direction and supervision of PAC 14 Inc. All terms of employment, including hours, wages, working conditions,

discipline, hiring and discharging or any other term of employment shall be determined by PAC 14 Inc., and the City shall have no right or authority over such persons or terms of employment.

SECTION 11. ASSIGNMENT AND SUBLETTING. Neither this Agreement nor any interest herein shall be assigned or transferred by PAC 14 Inc., except as expressly authorized in writing by the City.

SECTION 12. QUARTERLY AND ANNUAL REPORTS.

- A. Quarterly Reports. PAC 14 Inc. shall submit a quarterly report to the City no more than 30 days after the end of each calendar quarter. This report shall contain, at a minimum, the following information:
  - 1. Statistics on programming and services for the previous quarter.
  - 2. Quarterly financial statements.
- B. Annual Reports. Prior to September 15 of each year, PAC 14 Inc. shall submit to City an annual report for the preceding fiscal year (July 1 – June 30). This report shall contain, at a minimum, the following information:
  - 1. Statistics on programming and services provided;
  - 2. Current and complete listing of Grantees' Board of Directors;
  - 3. Year-end financial statements prepared by an independent certified public accountant.

SECTION 13. RECORDS, FISCAL AUDIT.

- A. PAC 14 Inc. shall maintain all necessary books and records, in accordance with generally accepted accounting principles.
- B. Upon reasonable request from City, PAC 14 Inc., shall at any time during normal business hours, make available all of its records with respect to all matters covered by this Agreement.
- C. PAC 14 Inc. shall prepare (or have prepared) and submit to the City a fiscal audit by a certified public accountant, upon request of the City or upon recommendation of PAC 14 Inc.'s certified public accountants.
- D. PAC 14 Inc. agrees to provide to the City a copy of the audit report in any year in which an audit is conducted.

SECTION 14. FUNDING AND OTHER RESOURCES. The City agrees to make the following funds and resources available to PAC 14 Inc.

- A. PEG Channel Capacity/Bandwidth

1. Comcast has dedicated certain channel capacity for PEG access use (1 Public, 1 Educational, and 1 Governmental). The City agrees to permit PAC 14 Inc. to manage that channel capacity for PEG access programming purposes.
  2. In order to provide equivalent PEG access services to all residents of the City regardless of their chosen cable/video franchisee, if the City grants a franchise to provide cable/video services to any other entity during the term of this Agreement, PAC 14 Inc. shall have the responsibility of managing the channel capacity for PEG access programming purposes delineated in the franchise agreement with such other entity.
- B. Funding for PEG Access from Cable/Video Franchisee(s)
1. In accordance with this agreement the City agrees to act as an enabling partner with PAC 14 Inc. to obtain PEG access funding from the cable/video franchisees in a manner consistent with local, state, and federal law.
  2. During the term of this Agreement, the City agrees to provide to PAC 14 Inc. all funds that it receives from Comcast (or any other future cable/video franchisee) for PEG access purposes. PAC 14 Inc. shall utilize such funds for the purchase of equipment and for the purposes delineated in this Agreement. Upon receipt of any such funds from the cable/video franchisee(s), the City shall transfer said funds to PAC 14 Inc., within thirty (30) days after written notice by PAC 14 Inc. to the City requesting the funds.
- C. Funding for PEG Access from the City.
1. The City shall provide support for PAC 14 Inc. through the dedication of a percentage of the cable/video franchise fees received by the City from Comcast as provided in Section 5.22.270.A. of the Salisbury Municipal Code and any future entity granted a franchise to provide cable/video service in the City of Salisbury. These funds shall be disbursed to PAC 14 Inc. on a quarterly basis, in accordance with the timeline specified in Section 17 of this Agreement.

#### SECTION 15 ANNUAL PLAN AND BUDGET.

- A. on or before December 1 of each year in which this Agreement is in effect, City shall provide PAC 14 Inc. with an estimate of the percentage of the franchise fees as provided in Section 5.22.270.A. of the Salisbury Municipal Code that will be available to PAC 14 Inc. for the upcoming fiscal year. As used herein, the fiscal year begins on July 1 and ends on June 30.
- B. On or before January 30 of each year in which this Agreement is in effect, PAC 14 Inc. shall provide to the City an Annual Plan and Budget outlining activities and programs planned for the following fiscal year with funds and channel(s) received from the City. Such plan shall contain:

1. A statement of the anticipated number of hours of local original PEG access programming;
2. Training classes to be offered and the frequency of classes;
3. Other access activities planned by PAC 14 Inc.; and
4. A detailed operating and capital equipment and facilities budget.

SECTION 16. EXPENDITURE OF FUNDS. PAC 14 Inc. shall spend funds received from City solely for the purposes listed in its Annual Plan and Budget and Section 1 (Scope of Services) of this Agreement. Funds not expended in the year covered by the Annual Budget and Activities Plan may be carried over by PAC 14 Inc. into succeeding years. Upon termination of this Agreement all funds of any kind received from City and not expended by PAC 14 Inc. shall be returned to City. PAC 14 Inc. shall provide for such fiscal control and accounting procedures as are necessary to assure proper disbursement and accounting for funds received from City.

SECTION 17. RECEIPT OF APPROVED FUNDING. For each year in which Grantee has submitted the Annual Access Activities Plan and Budget to the City as required under Section 15 of this Agreement, City shall make quarterly payments to PAC 14 Inc. Those payments shall be made on or before the first month of each quarter or July 1, October 1, January 1, and April 1. The payments to PAC 14 Inc. shall reflect a percentage of the franchise fee payments received from Comcast as provided in Section 5.22.270.A. of the Salisbury Municipal Code and any future entity granted a cable/video franchise to serve the City.

SECTION 18. FUNDING FROM OTHER SOURCES. PAC 14 Inc. may, during the course of this Agreement, receive supplemental funds from other sources, including, but not limited to fundraising activities.

SECTION 19. TERM OF AGREEMENT. This Agreement shall be for a period commencing on January 1, 2015 and ending with the effective end date of the next Comcast contract, or January 1, 2017, if no new contract is signed with Comcast. This Agreement may be extended, and/or amended, by mutual agreement of the City and PAC 14 Inc., in writing in accordance with Section 21 of this Agreement.

SECTION 20. TERMINATION OF AGREEMENT: TRANSFER OF ASSETS.

- A. The City shall have the right upon one hundred twenty (120) days written notice to PAC 14 Inc., to terminate this Agreement for:
  1. Breach of any provision of this Agreement by PAC 14 Inc.;
  2. Malfeasance, misfeasance, misappropriation of public funds; or
  3. Loss of 501(c)(3) status by PAC 14 Inc.
- B. PAC 14 Inc. may avoid termination by curing any such breach to the satisfaction of the City within one hundred twenty (120) days of notification or within a time frame agreed

to by the City and PAC 14 Inc. The City may also terminate this Agreement at the expiration of its term, or any extension thereof.

- C. Upon termination of this Agreement, PAC 14 Inc. shall immediately transfer to the City all equipment, real property, fixtures, contracts, leases, deposit accounts or other assets received by or purchased by PAC 14 Inc. with funds received pursuant to this Agreement.

SECTION 21. EXTENSION OF AGREEMENT. This Agreement may be extended and/or amended pursuant to the following process:

- A. If PAC 14 Inc. seeks an extension of this Agreement it shall, on or before 120 days prior to the end of the Agreement, submit to the City a letter of intent requesting extension.
- B. On or before 90 days prior to the end of the Agreement, the City shall respond to PAC 14 Inc.'s letter of intent to request extension. If the City intends to refuse to extend the Agreement, it shall explain the reasons for this decision in its response to PAC 14 Inc. The City may not refuse to extend the contract based upon a failure of PAC 14 Inc. to comply with the terms of this Agreement unless the City has provided PAC 14 Inc. with a notice of its failure to comply with the terms and the opportunity to cure said noncompliance.

SECTION 22. TIME. Time is of the essence in this Agreement and for the performance of all covenants and conditions of this Agreement.

SECTION 23. COOPERATION. Each party agrees to execute all documents and do all things necessary and appropriate to carry out the provisions of this Agreement.

SECTION 24. APPLICABLE LAW. This Agreement shall be interpreted and enforced under the laws of the State of Maryland.

SECTION 25. NOTICES. All notices and other communications to be given by either party may be given in writing, depositing the same in the United States mail, postage prepaid and addressed to the appropriate party as follows:

To City of Salisbury:

To PAC 14 Inc.:

Any party may change its address for notice by written notice to the other party at any time.

SECTION 26. ENTIRE AGREEMENT. This Agreement is the entire agreement of the parties and supersedes all prior negotiations and agreements whether written or oral. This Agreement may be amended only by written agreement and no purported oral amendment to this Agreement shall be valid.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

CITY OF SALISBURY  
a municipal corporation

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

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

PAC 14 Inc.  
a non-profit corporation

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

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

# City of Salisbury



MARYLAND



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

To: Thomas Stevenson, Jr., City Administrator  
From: Michael Moulds, Director of Public Works *MM*  
Date: May 7, 2015  
Re: Salisbury WWTP BNR/ENR Upgrade Resolution for Grant Acceptance

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The Wastewater Treatment Plant (WWTP) Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) Upgrade will begin construction in June 2015. The City has entered into a Biological Nutrient Removal Agreement and an Enhanced Nutrient Removal Agreement with the Maryland Department of the Environment (MDE). Per the agreements, MDE will fund the planning, design, construction management and construction of the WWTP Upgrade.

Pursuant to approval at the May 13, 2015 Board of Public Works meeting, the City of Salisbury will be awarded additional grants from the Bay Restoration Fund and Biological Nutrient Removal program. The grant amounts are based on the actual construction bids and design and construction management contracts. The total grant eligible percentage for this project is 41.685%.

Previously, grants were issued for design in the amount of \$1,039,000. The Board of Public Works action allocates additional grants for construction management and construction in the estimated amount of \$24,729,000 for total project grant contribution of \$25,768,000. The grant amounts in the Resolution have been revised per the discussion at the May 4, 2015 work session.

Public Works recommends approval of the grants. Unless you or the Mayor has further questions, please forward this Resolution to the City Council.

1 RESOLUTION NO. 2509

2  
3 A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND ACCEPTING BAY  
4 RESTORATION FUND GRANTS AND BIOLOGICAL NUTRIENT REMOVAL GRANTS  
5 FROM THE MARYLAND DEPARTMENT OF THE ENVIRONMENT FOR THE UPGRADE  
6 OF THE CITY'S WASTEWATER TREATMENT PLANT.

7  
8 WHEREAS, the Salisbury Wastewater Treatment Plant is owned and operated by the City of  
9 Salisbury and discharges into the Lower Wicomico River, a tributary of the Chesapeake Bay;  
10 and

11  
12 WHEREAS, the City of Salisbury desires to further improve the water quality of the Chesapeake  
13 Bay and its tributaries by further reducing the amount of nutrients being discharged from sewage  
14 treatment plants located on the Chesapeake Bay and its tributaries; and

15  
16 WHEREAS, the Maryland Department of the Environment supports the efforts of the City of  
17 Salisbury in reducing the amount of nutrients being discharged from the Wastewater Treatment  
18 Plant by providing State grants to aid in financing the planning, design, construction  
19 management and construction of Biological Nutrient Removal and Enhanced Nutrient Removal  
20 facilities at the existing Salisbury Wastewater Treatment Plant; and

21  
22 WHEREAS, the City of Salisbury entered into a Biological Nutrient Removal Agreement with  
23 the Maryland Department of the Environment on May 19, 2003 and an Enhanced Nutrient  
24 Removal Agreement with the Maryland Department of the Environment on August 14, 2012;  
25 and

26  
27 WHEREAS, pursuant to the agreements, the City of Salisbury is performing a Biological  
28 Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) Upgrade of the Wastewater  
29 Treatment Plant by utilizing Bay Restoration Fund Grants, Biological Nutrient Removal Grants  
30 and a Water Quality State Revolving Loan from the Maryland Department of the Environment.

31  
32 NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Salisbury, Maryland  
33 does hereby accept Bay Restoration Fund Grants and Biological Nutrient Removal Grants from  
34 the Maryland Department of Environment in the estimated amount of \$24,729,000.

35  
36 THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting of the  
37 Council of the City of Salisbury held on this \_\_\_\_ day of \_\_\_\_\_, 2015 and is to become  
38 effective immediately upon adoption.

39  
40 ATTEST:

41  
42  
43 \_\_\_\_\_  
44 Kimberly R. Nichols  
45 CITY CLERK

46 \_\_\_\_\_  
47 Jacob R. Day  
48 PRESIDENT, City Council

47 APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2015

48

49

50

\_\_\_\_\_

51 James Ireton, Jr.

52 MAYOR, City of Salisbury

# City of Salisbury



**MARYLAND**



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3190  
Fax: 410-548-3192

KEITH A. CORDREY  
DIRECTOR OF INTERNAL SERVICES  
PROCUREMENT DIVISION

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
INTERIM CITY ADMINISTRATOR

VACANT  
ASSISTANT CITY ADMINISTRATOR

## **COUNCIL AGENDA – Declaration of Surplus**

**May 26, 2015**

- |                                   |        |
|-----------------------------------|--------|
| 1. Declaration of Surplus         | \$0.00 |
| SPW Mobile Equipment and Vehicles |        |

# City of Salisbury



**MARYLAND**



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3190 Procurement  
Fax: 410-548-3192 Procurement

KEITH A. CORDREY  
*DIRECTOR OF INTERNAL SERVICES*

JENNIFER MILLER  
*ASST. DIRECTOR OF INTERNAL SERVICES*

JAMES IRETON, JR.  
*MAYOR*

M. THOMAS STEVENSON, JR.  
*CITY ADMINISTRATOR*

TERENCE ARRINGTON  
*ASSISTANT CITY ADMINISTRATOR*

## **Council Agenda**

**May 26, 2015**

TO: Mayor and City Council

RE: Declaration of Surplus – Mobile Equipment and Vehicles  
Salisbury Department of Public Works

The Internal Services Department, Procurement Division, received a request from Salisbury Public Works to declare as surplus the following mobile equipment and vehicles:

- SAN-7 Refuse Truck (2001)
- PM-6 John Deere Mower (2000)
- PM-12 John Deere Mower (2000)
- S-19 Light Plant w/Trailer (2003)
- GAR-4 Paint Machine Chassis (1992)
- S-1 Ford F250 w/Snow Plow (1990)

All noted items are in poor condition due to high mileage/usage, age and/or mechanical failure. Many of the items are inoperable, with the cost of the repair exceeding the value of the item. The attached departmental memos offer more specific details for each item.

The Procurement Division requests Council's approval to declare the noted items "surplus" and to allow the City of Salisbury Procurement Department to dispose of items through auction services.

Sincerely,

Jennifer Miller  
Asst. Director of Internal Services – Procurement and Parking



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

# City of Salisbury



MARYLAND

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

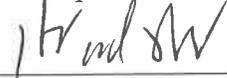
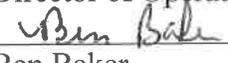
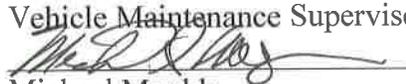
## MEMORANDUM

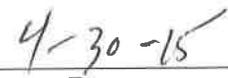
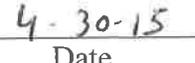
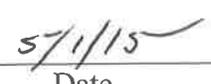
**TO:** Jennifer Miller  
**FROM:** Howard Landon / Ben Baker  
**DATE:** 4/29/2015  
**REFERENCE:** Surplus SAN-7 YR. 2001 Refuse Truck

---

The Sanitation Department recommends SAN-7, Refuse Truck be declared surplus.  
Make/Model- Volvo / WXR42  
Miles/Hours- 114,569  
VIN # 4V2E36UE22N328397  
Vehicle Condition - Poor  
This vehicle is currently in poor condition due to high mileage, age of vehicle, and body deterioration. It has chronic electrical issues.  
Body Condition- Poor / Inoperable  
The automated body (arms, packer & body) are worn out.  
All repairs would exceed the value of the vehicle and would not bring the vehicle back to a standard that would last long before something major or minor breaks again.

This truck was replaced as approved in the 2014 budget; Sanitation account number #32061-577025. We recommend this truck be included in the City sponsored auction rather than traded in. We hope to receive a greater amount through the auction process than the trade in offered.

  
\_\_\_\_\_  
Howard Landon  
Director of Operations  
  
\_\_\_\_\_  
Ben Baker  
Vehicle Maintenance Supervisor  
  
\_\_\_\_\_  
Michael Moulds  
Director of Public Works

  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date



# City of Salisbury



MARYLAND

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

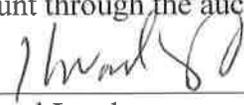
MICHAEL S MOULDS, P.E.  
DIRECTOR OF PUBLIC WORKS

## MEMORANDUM

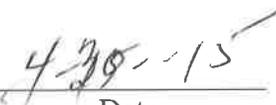
**TO:** Jennifer Miller  
**FROM:** Howard Landon / Ben Baker  
**DATE:** 4/29/2015  
**REFERENCE:** Surplus PM-6 YR. 2000 John Deere Mower

The Park Maintenance Department recommends PM-6, Mower be declared surplus.  
Make/Model- John Deere F935  
Miles/Hours- 1773 HRS.  
VIN # MOF935X185470  
Vehicle Condition- Inoperable  
This mower is currently inoperable due to the broken transmission pump shaft and deck deterioration.  
All repairs would exceed the value of the machine and would not bring the vehicle back to a standard that would last long before something major or minor breaks again.

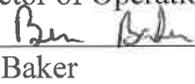
This mower was replaced as approved in the 2014 budget. We recommend the mower be included in the City sponsored auction rather than traded in. We hope to receive a greater amount through the auction process than the trade in offered.

  
\_\_\_\_\_

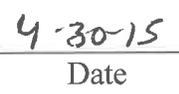
Howard Landon  
Director of Operations

  
\_\_\_\_\_

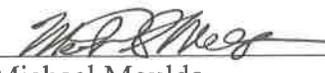
Date

  
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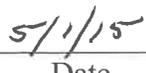
Ben Baker  
Vehicle Maintenance Supervisor

  
\_\_\_\_\_

Date

  
\_\_\_\_\_

Michael Moulds  
Director of Public Works

  
\_\_\_\_\_

Date



# City of Salisbury



MARYLAND

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

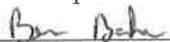
MICHAEL S MOULDS, P.E.  
DIRECTOR OF PUBLIC WORKS

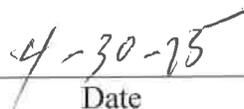
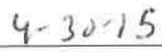
## MEMORANDUM

**TO:** Jennifer Miller  
**FROM:** Howard Landon / Ben Baker  
**DATE:** 4/29/2015  
**REFERENCE:** Surplus PM-12 YR. 2000 John Deere Mower

The Park Maintenance Department recommends PM-12, Mower be declared surplus.  
Make/Model- John Deere F935  
Miles/Hours- 1490 HRS.  
VIN # MOF935X185470  
Vehicle Condition- Inoperable  
This mower is currently inoperable due a lack of compression in the engine and deck deterioration.  
All repairs would exceed the value of the machine and would not bring the vehicle back to a standard that would last long before something major or minor breaks again.

We recommend the mower be included in the City sponsored auction. We hope to receive a greater amount through the auction process.

  
\_\_\_\_\_  
Howard Landon  
Director of Operations  
  
\_\_\_\_\_  
Ben Baker  
Vehicle Maintenance Supervisor  
  
\_\_\_\_\_  
Michael Moulds  
Director of Public Works

  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date

# City of Salisbury



MARYLAND



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

## MEMORANDUM

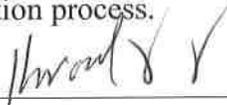
**TO:** Jennifer Miller  
**FROM:** Howard Landon / Ben Baker  
**DATE:** 4/29/2015  
**REFERENCE:** Surplus S-19 YR.2003 Light Plant w/ Trailer

---

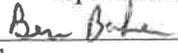
The Street Department recommends S-19, Light Plant w/ Trailer be declared surplus.  
Make/Model- Onan  
Miles/Hours- 2442HRS.  
VIN # C984207  
Vehicle Condition- Does not operate.  
This light plant is currently in poor condition, the engine has continual fuel problems and we are unable to get parts to fit/repair the generator.

All repairs would exceed the value of the vehicle and would not bring the vehicle back to a standard that would last long before something major or minor breaks again.

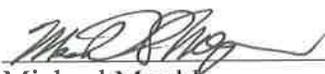
This light plant was replaced as approved in the 2014 budget. We recommend light plant and trailer be included in the City sponsored auction. We hope to receive a greater amount through the auction process.

  
\_\_\_\_\_  
Howard Landon  
Director of Operations

4-30-15  
Date

  
\_\_\_\_\_  
Ben Baker  
Vehicle Maintenance Supervisor

4-30-15  
Date

  
\_\_\_\_\_  
Michael Moulds  
Director of Public Works

5/1/15  
Date



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

# City of Salisbury



MARYLAND

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

## MEMORANDUM

**TO:** Jennifer Miller

**FROM:** Howard Landon / Ben Baker

**DATE:** 4/29/2015

**REFERENCE:** Surplus GAR-4 YR. 1992 Paint Machine Chassis

The Vehicle Maintenance Department recommends GAR-4, Paint Machine Chassis be declared surplus.

Make/Model- Kelly Creswell

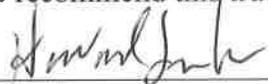
Miles/Hours- 68 HRS.

VIN # 28IB-15

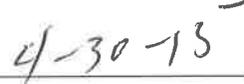
Vehicle Condition- Fair

The vehicle was a utility cart for the vehicle maintenance dept. until we were able to obtain trucks that were equipped with air compressors and generators.

We recommend this truck be included in the City sponsored auction.

  
\_\_\_\_\_

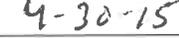
Howard Landon  
Director of Operations

  
\_\_\_\_\_

Date

  
\_\_\_\_\_

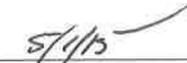
Ben Baker  
Vehicle Maintenance Supervisor

  
\_\_\_\_\_

Date

  
\_\_\_\_\_

Michael Moulds  
Director of Public Works

  
\_\_\_\_\_

Date



# City of Salisbury



MARYLAND

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
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JULIA GLANZ  
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Tel: 410-548-3170  
Fax: 410-548-3107

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

## MEMORANDUM

**TO:** Jennifer Miller  
**FROM:** Howard Landon / Ben Baker  
**DATE:** 4/29/2015  
**REFERENCE:** Surplus S-1 YR.1990 F250 4WD w/ Snow Plow

The Street Department recommends S-1 Ford F250 4WD w/ Snow Plow be declared surplus.  
Make/Model- Ford F250 4WD  
Miles/Hours- 144,595  
VIN # 1FTHF26H9LNA63339  
Vehicle Condition- Starts and moves.

This vehicle is currently in poor condition, high mileage, age of vehicle, and body deterioration. The body has fallen over the frame mounts making it unsafe to drive, the floor is rusted through, and the doors aren't centered enough to close properly. This vehicle has had its original transmission replaced.

All repairs would exceed the value of the vehicle and would not bring the vehicle back to a safe standard that would last long before something major or minor breaks again.

We recommend the vehicle be included in the City sponsored auction. We hope to receive a greater amount through the auction process. The vehicle is not been replaced at this time in any current budget.

Howard Landon  
Director of Operations

Ben Baker  
Vehicle Maintenance Supervisor

Michael Moulds  
Director of Public Works

4-30-15  
Date

4-30-15  
Date

5/1/15  
Date

# City of Salisbury



MARYLAND



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
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JULIA GLANZ  
ASST. CITY ADMINISTRATOR

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

To: Tom Stevenson, City Administrator  
From: Mike Moulds, Director of Public Works   
Date: April 20, 2015  
Re: Ben's Red Swings Restroom Project Plans

---

The Department of Public Works has been meeting with Mr. Matt Drew and Mr. Chris Eccleston on behalf of Layton family to develop concept drawings for the construction of restrooms to replace the portable toilets at the Ben's Red Swings playground. The attached revised drawings submitted by AWB Engineers address the comments from our meeting.

We are providing the drawings for Council's review of the Ben's Red Swings restroom project. Representatives from Ben's Red Swings will be able to attend the May 4<sup>th</sup> Work Session to provide information and answer questions from Council.

Mr. Drew has indicated that the Layton's have raised \$70,000 to date. The project would be community funded and constructed and then donated to the City to operate and maintain.

Enclosed is a draft Resolution for review to approve the concept plans and accept the donation. The Resolution is patterned after the prior Resolution 1000 dated August 2003 accepting the original Ben's Red Swings Playground Concept.

Please let us know if you require any additional information.

1 RESOLUTION NO. 2508

2  
3 A RESOLUTION OF THE CITY OF SALISBURY MARYLAND APPROVING THE  
4 CONCEPT TO CONSTRUCT AND ACCEPTING THE DONATION OF A COMMUNITY  
5 BUILT RESTROOM BUILDING AT THE BEN’S RED SWINGS PLAYGROUND IN THE  
6 CITY PARK.

7  
8 WHEREAS, The City of Salisbury is interested in improving the City’s playground  
9 facilities; and

10  
11 WHEREAS, a plan to provide permanent restroom facilities at the Ben’s Red Swings  
12 playground has been proposed by the Family and Friends of Benjamin Layton in his memory;  
13 and

14  
15 WHEREAS, the proposal includes concept architectural and site drawings of the  
16 proposed restroom building prepared by AWB Engineers ( Job 150111), dated March 18 and 19<sup>th</sup>  
17 2015 respectively; and

18  
19 WHEREAS, funding for construction will be raised by the Family and Friends of  
20 Benjamin Layton in his memory; and

21  
22 WHEREAS, the Family and Friends of Benjamin Layton will be responsible for the  
23 construction of the restroom building.

24  
25 NOW, THEREFORE BE IT RESOLVED, that the Council of the City of Salisbury,  
26 Maryland does hereby approve of the concept drawings to construct the restroom building at the  
27 location as shown on the concept site plan.

28  
29 AND BE IT FURTHER RESOLVED that the City of Salisbury will accept the donation  
30 of the restroom building for maintenance upon completion of an acceptable inspection by the  
31 Department of Public Works.

32  
33 THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting  
34 of the Council of the City of Salisbury held on this \_\_\_\_ day of \_\_\_\_\_, 2015 and is to  
35 become effective immediately upon adoption.

36  
37 ATTEST:

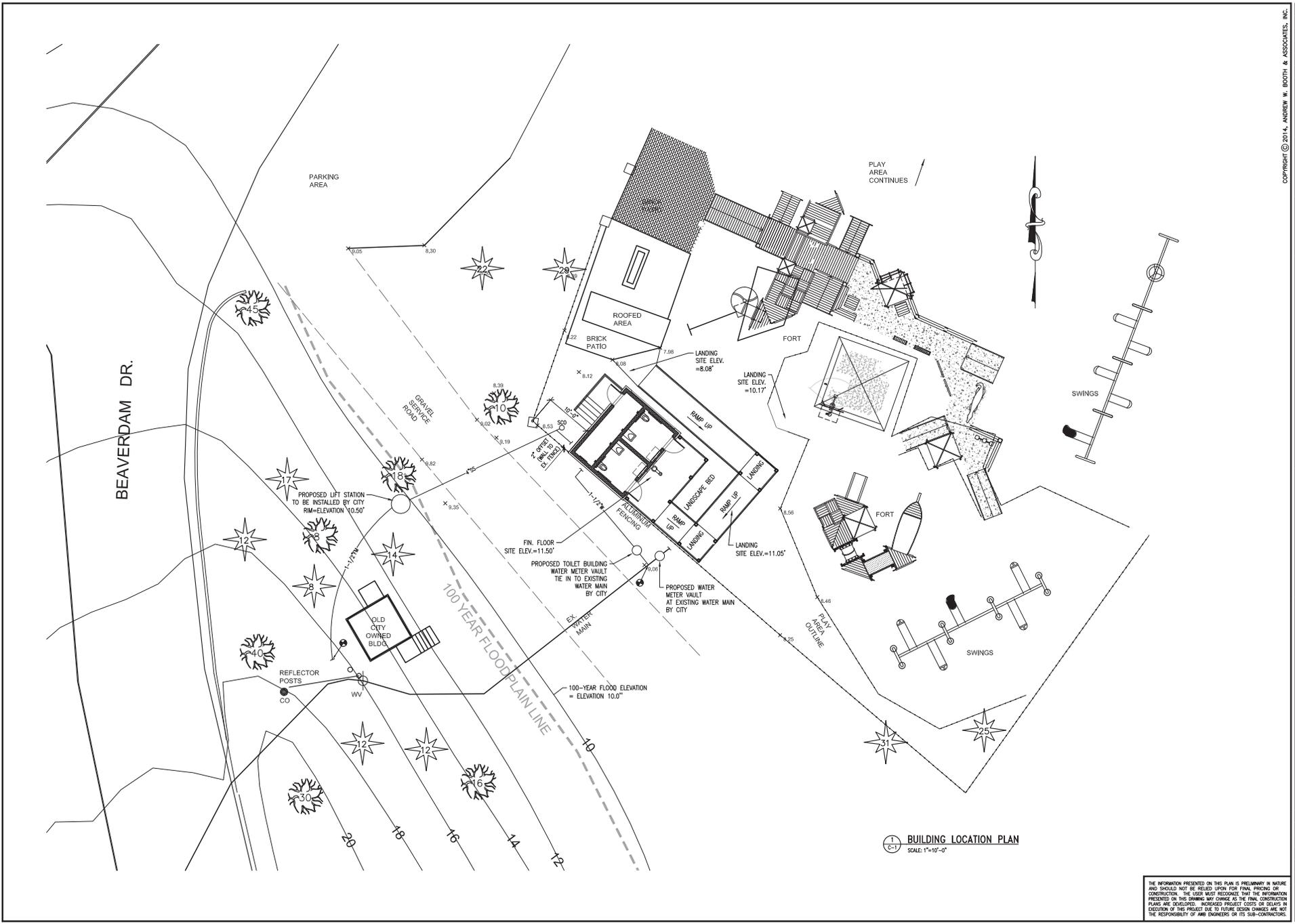
38  
39 \_\_\_\_\_  
40 Kimberly R. Nichols  
41 CITY CLERK

42 \_\_\_\_\_  
43 Jacob R. Day  
44 PRESIDENT, City Council

45  
46 APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2015

47 \_\_\_\_\_  
48 James Ireton, Jr.  
49 MAYOR, City of Salisbury





BEAVERDAM DR.

PARKING AREA

PLAY AREA CONTINUES

SWINGS

SWINGS

REFLECTOR POSTS

CO

WW

OLD CITY OWNED BLDG.

PROPOSED LIFT STATION TO BE INSTALLED BY CITY RIM=ELEVATION 10.50'

100-YEAR FLOODPLAIN LINE  
100-YEAR FLOOD ELEVATION = ELEVATION 10.0'

EX. WATER MAIN

FIN. FLOOR SITE ELEV. = 11.50'

PROPOSED TOILET BUILDING WATER METER VAULT TIE IN TO EXISTING WATER MAIN BY CITY

PROPOSED WATER METER VAULT AT EXISTING WATER MAIN BY CITY

BRICK PATIO

ROOFED AREA

LANDING SITE ELEV. = 8.08'

LANDING SITE ELEV. = 10.17'

LANDING SITE ELEV. = 11.06'

FORT

FORT

PLAY AREA OUTLINE

**1** BUILDING LOCATION PLAN  
SCALE: 1"=10'-0"

THE INFORMATION PRESENTED ON THIS PLAN IS PRELIMINARY IN NATURE AND SHOULD NOT BE RELIED UPON FOR FINAL PROGRAM OR CONSTRUCTION. THE USER MUST RECOGNIZE THAT THE INFORMATION PRESENTED ON THIS DRAWING MAY CHANGE AS THE FINAL CONSTRUCTION PLANS ARE DEVELOPED. INCREASED PROJECT COSTS OR DELAYS IN DECISION OF THIS PROJECT DUE TO ISSUES REFERENCED ARE NOT THE RESPONSIBILITY OF AMB ENGINEERS OR ITS SUB-CONTRACTORS.

RELEASE	BY
1 MAR 15	EMC
19 MAR 15	GMD
PROJECT NORTH	

ENGINEERS / ARCHITECTS  
 AMB ENGINEERS  
 1044 W. 14TH ST. SUITE 200  
 WASHINGTON, DC 20004  
 TEL: (202) 725-7500 FAX: (202) 725-2277

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**BUILDING LOCATION PLAN**  
**RESTROOM BUILDING**  
 BEN'S RED SWINGS - SALISBURY, MARYLAND

DATE	PRELIMINARY
SCALE	1"=10'-0"
DRAWN	EMC
PROJ. MGR.	EMC
JOB	150111
FILE	EMC-1
SHEET	C-1

# Memorandum

---

**To:** Tom Stevenson, City Administrator  
**CC:** Julia Glanz, Assistant City Administrator  
**From:** William T. Holland  
**Date:** 5/8/2015  
**Re:** Tri County Council Resolutions

---

Tom, attached are two Resolutions which is required as part of the annexation procedure to be introduced at the City Council meeting for May 26, 2015. The first resolution describes the annexation and its proposed zoning use and the second Resolution establishes the date for the public hearing. I recommend that Monday, July 13, 2015, be the date for the public hearing. This will allow me ample time to get all required documents to Wicomico County and the Maryland Department of Planning. Additionally, since the property exceeds twenty-five acres, the annexation must be advertised once a week for four consecutive weeks.

Please let me know if you have any questions.



---



31901 TRI-COUNTY WAY  
SUITE 203  
SALISBURY, MARYLAND 21804  
PHONE: 410-341-8989  
FAX: 410-341-8988  
WWW.LOWERSHORE.ORG

June 23, 2014

City of Salisbury  
125 North Division Street  
Salisbury, MD 21803

Re: Annexation of Tri-County Council Multi-Purpose Center

To Whom It May Concern:

Please accept the attached Petition for Annexation for the Tri-County Council Multi-Purpose Center located at 31901 Tri-County Way.

Please let me know if you have any questions or need any additional information.

Sincerely,

Michael P. Pennington  
Executive Director

Attachment



Serving Somerset, Wicomico and Worcester Counties



# CITY OF SALISBURY

## PETITION FOR ANNEXATION

To the Mayor and Council of the City of Salisbury:

I/We request annexation of my/our land to the City of Salisbury.

Parcel(s) # 0266

\_\_\_\_\_

\_\_\_\_\_

Map # 0039

**SIGNATURE(S)**

Paul P. Pitt

6/23/2014  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date



31901 TRI-COUNTY WAY  
SUITE 203  
SALISBURY, MARYLAND 21804  
PHONE: 410-341-8989  
FAX: 410-341-8988  
WWW.LOWERSHORE.ORG

January 26, 2015

Thomas Stevenson, City Administrator  
125 North Division Street  
Salisbury, Maryland 21801

**RE: Walston Switch Road / Tri County Council Annexation**

Dear Mr. Stevenson:

As the owner of Wicomico County Tax Map 39, Grid 0005, Parcels 0266 and 0740, which Property is located on the northwest quadrant of the U.S. Route 50 / Walston Switch Road, we are providing this letter indicating our intent to move forward with annexation of the aforementioned Property based on the draft annexation agreement attached hereto.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Pennington".

Michael Pennington  
Executive Director



Serving Somerset, Wicomico and Worcester Counties



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

CERTIFICATION

TRI-COUNTY COUNCIL – WALSTON SWITCH ROAD  
ANNEXATION

This is to certify that I have verified the petitions for the annexation and that to the best of my knowledge the persons having signed the petition represent at least 25% of the registered voters residing in the area to be annexed and are the owners of at least 25% of the assessed valuation of real property located in the area to be annexed.

*W. Clay Hall*  
W. Clay Hall  
Surveyor

Date: *4/2/2015*

Tri-County Council – Walston Switch Rd Certif.

## EXHIBIT "A"

### TRI-COUNTY COUNCIL – WALSTON SWITCH ROAD ANNEXATION

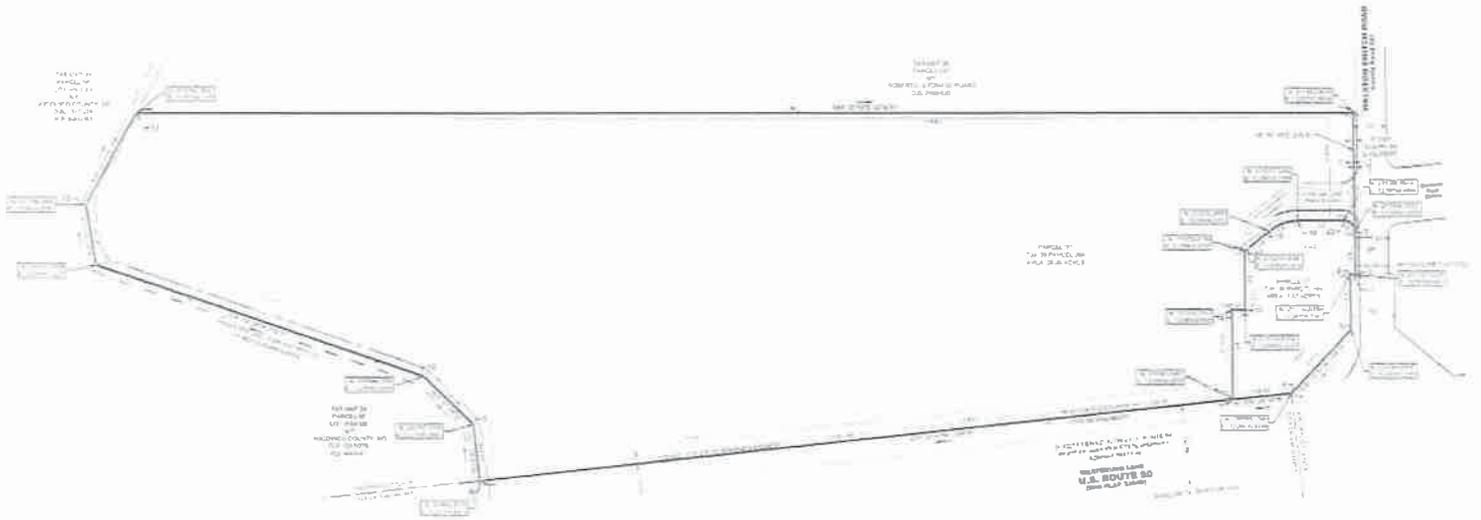
A CERTAIN AREA OF LAND contiguous to and binding upon the easterly Corporate Limit of the City of Salisbury to be known as "Tri-County Council – Walston Switch Road Annexation" beginning for the same at a point on the Corporate Limit, said point lying where the northerly right-of-way line of U.S. Route 50 intersects the westerly right-of-way line of Walston Switch Road X 1,228,670.92 Y 200,965.25; thence running by and with the westerly right-of-way line of said Walston Switch Road the following five courses: (1) North thirty-eight degrees fifteen minutes fifty-seven seconds East (N 38° 15' 57" E) one hundred and fifty-eight decimal seven, four (158.74) feet to a point X 1,228,769.23 Y 201,089.89; (2) North six degrees zero minutes twenty-eight seconds West (N 06° 00' 28" W) one hundred decimal two, eight (100.28) feet to a point X 1,228,758.74 Y 201,189.62; (3) North eighty-three degrees fifty-nine minutes twenty-two seconds East (N 83° 59' 22" E) ten decimal zero, zero (10.00) feet to a point X 1,228,768.68 Y 201,190.66; (4) North six degrees zero minutes twenty-eight seconds West (N 06° 00' 28" W) seventy-eight decimal five, five (78.55) feet to a point X 1,228,760.46 Y 201,268.78; (5) North five degrees fifty-nine minutes nineteen seconds West (N 05° 59' 19" W) two hundred and fifteen decimal three, six (215.36) feet to an iron rod with cap at the northeasterly corner of the lands of Tri-County Council for the Lower Eastern Shore of Maryland X 1,228,737.99 Y 201,482.97; thence running with the northerly boundary line of said property South eighty-four degrees twenty-five minutes fifty-eight seconds West (S 84° 25' 58" W) two thousand two hundred and thirty-four decimal five, zero (2,234.50) feet to a point in the center of Beaverdam Creek X 1,226,514.03 Y 201,266.19; thence running by and with the centerline of Beaverdam Creek the following five courses: (1) South twenty-four degrees zero minutes eleven seconds West (S 24° 00' 11" W) one hundred and eighty-eight decimal two, two (188.22) feet to a point X 1,226,437.47 Y 201,094.25; (2) South fifteen degrees eight minutes eight seconds East (S 15° 08' 08" E) one hundred and ten decimal five, two (110.52) feet to a point X 1,226,466.32 Y 200,987.56; (3) South seventy-six degrees fifty-six minutes twenty-six seconds East (S 76° 56' 26" E) six hundred and thirty-two decimal zero, three (632.03) feet to a point X 1,227,082.01 Y 200,844.75; (4) South fifty-one degrees twenty-one minutes four seconds East (S 51° 21' 04" E) one hundred and twenty-six decimal seven, four (126.74) feet to a point X 1,227,180.99 Y 200,765.59; (5) South eleven degrees thirty-three minutes fifty-one seconds East (S 11° 33' 51" E) one hundred and three decimal zero, seven (103.07) feet to a point on the northerly right-of-way line of U.S. Route 50, said point also lying on the Corporate Limit X 1,227,201.65 Y 200,664.61; thence running with the northerly right-of-way line of U.S. Route 50 and the Corporate Limit the following two courses: (1) North seventy-eight degrees twenty-five minutes fifty seconds East (N 78° 25' 50" E) one thousand three hundred and ninety decimal eight, one (1,390.81) feet to a point X 1,228,564.21 Y 200,943.55; (2) North seventy-eight degrees thirty minutes four seconds East (N 78° 30' 04" E) one hundred and eight decimal nine, zero (108.90) feet to the point of beginning and containing 27.582 acres, all of which being the lands of Tri-County Council for the Lower Eastern Shore of Maryland. All bearings and coordinates are referenced to the Maryland State Coordinate System, 1927 datum.



**BECKER MORGAN GROUP**

ARCHITECTURAL  
ENGINEERING

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**NOTES**

- 1. PORTION OF THE PROPERTY IS LOCATED WITHIN THE SUBDIVISION OF THE DRAINAGE BASIN (WATER-SHED) AND IS SUBJECT TO THE EASEMENTS, EMBLEMENTS AND RESTRICTIONS THEREOF.
- 2. THE LOT OWNER IS EXPECTED TO PERFORM LOCAL SEWER MAIN'S DRAINAGE PROBLEMS. LOT OWNERS ARE ENCOURAGED TO CONTACT THE CITY AND CONTRACTOR'S TO ASSIST IN MINIMIZING THE IMPACT OF THESE PROBLEMS TO THE DRAINAGE PROBLEMS.
- 3. THE PROPERTY IS LOCATED WITHIN AN AREA WHICH IS SUBJECT TO FLOODING. THE OWNER IS ENCOURAGED TO CONTACT THE CITY AND CONTRACTOR'S TO ASSIST IN MINIMIZING THE IMPACT OF THESE PROBLEMS TO THE DRAINAGE PROBLEMS.
- 4. THIS SURVEY WAS PROVIDED APPROXIMATELY THE QUALITY OF A CURRENT TITLE COMMITMENT. THERE IS NO WARRANTY AS TO THE EXISTENCE OF ANY INTERESTS OR EASEMENTS AFFECTING THE PROPERTY.

**LEGEND**

- 1. Current Easement
- 2. Proposed Easement
- 3. Survey Boundary

**SITE DATA**

OWNER OF RECORD	TRINITY HEALTH SYSTEM, INC.
ADDRESS	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
MAP REFERENCE	BECKER MORGAN GROUP, INC. 1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
DEED REFERENCE	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
PLAT REFERENCE	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
CURRENT ZONING	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
TOTAL AREA	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202
FLOOD CODE	1000 EAST BAY DRIVE, SUITE 1000, BALTIMORE, MD 21202

**Lot Table**

LOT	AREA	PERCENT
1	1000	100%
2	1000	100%
3	1000	100%
4	1000	100%
5	1000	100%
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7	1000	100%
8	1000	100%
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**Corner Table**

Corner	Area	Percent
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7	1000	100%
8	1000	100%
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**OWNER'S SUPERVISOR'S CERTIFICATION**

I HEREBY CERTIFY THAT THE REQUIREMENTS OF THE ANNEXATION ACT, TITLE 28, CHAPTER 28, SUBCHAPTER 28-201, OF THE ANNEXATION ACT, HAVE BEEN COMPLIED WITH AND THAT THE SURVEY IS ACCURATE AND CORRECT.

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

**ANNEXATION/  
BOUNDARY  
SURVEY  
LANDS OF  
TRI-COUNTY  
COUNCIL FOR  
THE LOWER  
EASTERN SHORE**

PARAGUO ELECTION DISTRICT  
WICOMICO COUNTY, MD

**ANNEXATION/  
BOUNDARY  
SURVEY**



SCALE: 1" = 100'

PROJECT NO.	20240800
DATE	8/27/2024
SCALE	1" = 100'
TAX MAP NO.	1000

V101

JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
CITY ADMINISTRATOR

JULIA GLANZ  
ASSISTANT CITY ADMINISTRATOR

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

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

CERTIFICATION

TRI-COUNTY COUNCIL – WALSTON SWITCH ROAD  
ANNEXATION

This is to certify that I have verified the petitions for the annexation and that to the best of my knowledge the persons having signed the petition represent at least 25% of the registered voters residing in the area to be annexed and are the owners of at least 25% of the assessed valuation of real property located in the area to be annexed.

Leslie C. Sherrill  
Surveyor

Date: 5/13/2015

Tri-County Council – Walston Switch Rd Certif.

# CITY OF SALISBURY

## PETITION FOR ANNEXATION

To the Mayor and Council of the City of Salisbury:

I/We request annexation of my/our land to the City of Salisbury.

Parcel(s) # 0266

0740 \*inadvertently not included in original  
petition submission.

X Neil P. P. T.

Map # 0039

Date: 5/7/2015

SIGNATURE(S)

Neil P. P. T.

6/22/2014  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## EXHIBIT "A"

### TRI-COUNTY COUNCIL – WALSTON SWITCH ROAD ANNEXATION

A CERTAIN AREA OF LAND, containing two parcels of land, contiguous to and binding upon the easterly Corporate Limit of the City of Salisbury to be known as "Tri-County Council – Walston Switch Road Annexation" beginning for the same at a point on the Corporate Limit, said point lying where the northerly right-of-way line of U.S. Route 50 intersects the westerly right-of-way line of Walston Switch Road X 1,228,670.92 Y 200,965.25; thence running by and with the westerly right-of-way line of said Walston Switch Road the following five courses: (1) North thirty-eight degrees fifteen minutes fifty-seven seconds East (N 38° 15' 57" E) one hundred and fifty-eight decimal seven, four (158.74) feet to a point X 1,228,769.23 Y 201,089.89; (2) North six degrees zero minutes twenty-eight seconds West (N 06° 00' 28" W) one hundred decimal two, eight (100.28) feet to a point X 1,228,758.74 Y 201,189.62; (3) North eighty-three degrees fifty-nine minutes twenty-two seconds East (N 83° 59' 22" E) ten decimal zero, zero (10.00) feet to a point X 1,228,768.68 Y 201,190.66; (4) North six degrees zero minutes twenty-eight seconds West (N 06° 00' 28" W) seventy-eight decimal five, five (78.55) feet to a point X 1,228,760.46 Y 201,268.78; (5) North five degrees fifty-nine minutes nineteen seconds West (N 05° 59' 19" W) two hundred and fifteen decimal three, six (215.36) feet to an iron rod with cap at the northeasterly corner of the lands of Tri-County Council for the Lower Eastern Shore of Maryland X 1,228,737.99 Y 201,482.97; thence running with the northerly boundary line of said property South eighty-four degrees twenty-five minutes fifty-eight seconds West (S 84° 25' 58" W) two thousand two hundred and thirty-four decimal five, zero (2,234.50) feet to a point in the center of Beaverdam Creek X 1,226,514.03 Y 201,266.19; thence running by and with the centerline of Beaverdam Creek the following five courses: (1) South twenty-four degrees zero minutes eleven seconds West (S 24° 00' 11" W) one hundred and eighty-eight decimal two, two (188.22) feet to a point X 1,226,437.47 Y 201,094.25; (2) South fifteen degrees eight minutes eight seconds East (S 15° 08' 08" E) one hundred and ten decimal five, two (110.52) feet to a point X 1,226,466.32 Y 200,987.56; (3) South seventy-six degrees fifty-six minutes twenty-six seconds East (S 76° 56' 26" E) six hundred and thirty-two decimal zero, three (632.03) feet to a point X 1,227,082.01 Y 200,844.75; (4) South fifty-one degrees twenty-one minutes four seconds East (S 51° 21' 04" E) one hundred and twenty-six decimal seven, four (126.74) feet to a point X 1,227,180.99 Y 200,765.59; (5) South eleven degrees thirty-three minutes fifty-one seconds East (S 11° 33' 51" E) one hundred and three decimal zero, seven (103.07) feet to a point on the northerly right-of-way line of U.S. Route 50, said point also lying on the Corporate Limit X 1,227,201.65 Y 200,664.61; thence running with the northerly right-of-way line of U.S. Route 50 and the Corporate Limit the following two courses: (1) North seventy-eight degrees twenty-five minutes fifty seconds East (N 78° 25' 50" E) one thousand three hundred and ninety decimal eight, one (1,390.81) feet to a point X 1,228,564.21 Y 200,943.55; (2) North seventy-eight degrees thirty minutes four seconds East (N 78° 30' 04" E) one hundred and eight decimal nine, zero (108.90) feet to the point of beginning and containing 27.582 acres, all of which being the lands of Tri-County Council for the Lower Eastern Shore of Maryland and being Parcel 266 and Parcel 740 shown on Tax Map 39. All bearings and coordinates are referenced to the Maryland State Coordinate System, 1927 datum.



Tri-County Council – Walston Switch Road

ANNEXATION AGREEMENT

**THIS AGREEMENT** is made this \_\_\_ day of \_\_\_\_\_, 2015, by and between the City of Salisbury, a municipal corporation of the State of Maryland (hereinafter, “the City”), and Tri-County Council for the Lower Eastern Shore of Maryland (hereinafter, “the Owner”) with the principal address at 31901 Tri-County Way, Suite 203, Salisbury, Maryland 21804.

**RECITALS**

**WHEREAS**, the Owner is the record owner of certain real property (Parcels 0266 and 0740), of 27.6 acres in size, located in Wicomico County, Maryland, (hereinafter, “the Property”), and more particularly described in Attachment “A-1” attached hereto and made a part hereof; and

**WHEREAS**, the Owner desires to obtain a connection to the City of Salisbury public water and sewer systems principally to comply with water quality standards related to a proposed bus washing facility on the site and City Code Section 13.02.060 requires annexation in order to connect to such systems;

**WHEREAS**, as a secondary reason for seeking annexation, the Owner desires to facilitate the sale and/or development, for commercial use of parcel 740 which is part of the Property, though no such development plans are contemplated at this time; and

**WHEREAS**, the Property is not presently within the corporate boundaries of the City and is therefore ineligible to receive certain municipal services, including the municipal water and wastewater services, that the Owner desires to obtain for the Property; and

**WHEREAS**, the Owner desires that the City annex the Property and the City desires to annex the Property, provided that certain conditions are satisfied; and

**WHEREAS**, pursuant to the authority contained in the Local Government Article, subtitle 4-400 of the Annotated Code of Maryland, the Owner and the City have agreed that the following conditions and circumstances will apply to the annexation proceedings and to the Property.

**WITNESSETH:**

**1. WARRANTIES AND REPRESENTATIONS OF CITY:**

- A. The City of Salisbury, the Salisbury-Wicomico County Planning Commission and staff will be guided by this Agreement throughout the review of any development plans submitted for the Property to ensure that the provisions of this Agreement are specifically implemented. Any approval granted to a development plan by any commission, board, body, or agent of the City shall be in substantial compliance with the terms and conditions of this Agreement.
  
- B. The parties understand and agree that the City's herein provided covenant of support is not intended, nor could it be construed, to legally prohibit the City from enacting such future ordinances or charter provisions or engineering standards or amendments deemed necessary to protect the public health, safety and welfare of the residents of the City, nor from applying such ordinances or charter provisions to the development of the Property, provided such application does not operate to divest prior approvals, nor interfere with the Owner's vested rights to any greater extent than the impact of such ordinances and charter resolutions upon other similarly-situated properties within the City's boundaries.

**2. WARRANTIES AND REPRESENTATIONS OF THE OWNER:**

A. This Agreement constitutes the formal written consent to annexation by the Owner as required by the Local Government Article of the Maryland Code, Section 4-403 (b)(1) and (2). The Owner acknowledges that it will receive a benefit from annexation and agrees, as a bargained-for condition and circumstances applicable to the annexation, that it waives and completely relinquishes any right to withdraw its consent to annexation from the date of execution of this Agreement by all parties. The Owner further agrees that it will not petition the Annexation Resolution to referendum and that, in the event of a referendum in which it is permitted to vote, that it shall vote in favor of the Annexation Resolution.

B. The Owner warrants and represents that it have the full authority to sign this Agreement and is in fact the sole owner of the real property encompassed in the annexation area and more particularly described in Attachment "A-1", and that there is no action pending against it involving it that would in any way affect its right and authority to execute this Agreement.

C. The Owner warrants and represents that it has the full power and authority to sign this Agreement and Consent and is, in fact, collectively the sole owner of not less than Twenty-five Percent (25%) of the assessed valuation of the real property within the annexation area.

**3. APPLICATION OF CITY CODE AND CHARTER**

From and after the effective date of the Annexation Resolution implementing this Agreement, all provisions of the Charter and Code of the City shall have full force and effect within the Property except as otherwise specifically provided herein.

**4. MUNICIPAL ZONING**

Upon the effective date of the Annexation Resolution implementing this Agreement and Approval by the Mayor and City Council, the Property will be zoned Mixed-Use Non Residential.

**5. MUNICIPAL SERVICES**

Upon the effective date of the Annexation Resolution implementing this Agreement, the City will make the Property eligible to receive all applicable municipal services to the extent that the necessary public facilities exist to provide such services. Any allocation of capacity and/or services will be made by the City according to adopted allocation plans which may be in effect at the time the Owner makes request for such capacity and/or services.

**6. STANDARDS AND CRITERIA**

Should any environmental, engineering, or other similar standard or criteria specifically noted in this Agreement be exceeded by any local, State, or Federal standard, criteria or regulation, which may be adopted subsequent to the execution of this Agreement, the newer stricter standard, criteria or regulation shall apply.

**7. CITY BOUNDARY MARKERS**

The Owner will fund and install City Boundary Markers at the boundary lines to the newly enlarged City boundaries resulting from this annexation and will provide receipt of such work completed to the City within 90 days of expiration of the 45-day referendum period. The Owner agrees that failure to comply with this provision will subject the Owner to payment of a fee to the City of Salisbury made payable at end of the 90-day period in amount of \$10,000.00 or the cost for the City's surveyor to complete the work, whichever is more.

## 8. DEVELOPMENT CONSIDERATIONS

A. **Costs and Fees:** The Owner agrees that it will pay the costs of annexation to the City, including but not limited to the City's costs for legal fees, planning, and other consulting fees in connection with the preparation of this Agreement and/or the necessary annexation resolution and related documents, for publication of any required notices, and for any other cost or expense reasonably related, in the City's sole judgment, to the annexation.

B. The Owner and City agree that the Property will be developed consistent with the regulations of the zoning district classification referenced in the Annexation Resolution.

C. **Contribution to Area Improvement:** In order to maintain the woodland buffer along US Route 50, to preserve woodlands and wildlife habitat and protect area water quality along Beaver Run, which forms the western edge of the Property, the Owner has previously recorded a Forest Conservation Easement on the property in accordance with State of Maryland Forest Conservation laws. This easement currently includes all wooded areas on the site. The agreement is recorded in Liber 3275 Folio 484 in the records of the Recorder of Deeds Office for Wicomico County. The owner agrees to maintain the existing 50' +/- wooded buffer along U.S. Route 50 as it exists at this time and as shown on the exhibit referenced in the recorded document. The City of Salisbury acknowledges that the Forest Conservation laws permit revisions to the recorded easement withhold its approval and agrees not to unreasonably of amendments to the easement from time to time as may be necessary for the owner's needs except for the 50' buffer adjacent to U.S. Route 50. Said revisions must be done in accordance with Wicomico County code and State Forest Conservation law. The Owner agrees that any site plan for parcel 740 shall contain a plan for a planted landscape buffer designed to provide filtered views of the site and building(s) from U.S. Route 50.

D. **Contributions to the Re-investment in Existing Neighborhoods and Housing Affordability:** The Owner agrees to pay a development assessment in the amount of \$13,000.00 to the City prior to the issuance of a building permit for construction on Lot 740 of the Property. In the event that construction on parcel 740 is for a municipal, county, state or federally owned building and use, or a private non-profit owned building and use whose purpose and mission is aligned with and/or in furtherance of the mission of the Tri-County Council for the Lower Eastern Shore of Maryland, such assessment shall be waived. Such development assessment is understood by the parties to be intended for use by the City in its sole discretion for beautification, restoration, and revitalization improvements to existing neighborhoods in the City and which development assessment is understood by the parties to be in addition to and independent of the City's water and sewer comprehensive connection charges, any impact fees imposed by Wicomico County or the City, and any assessments that may be required to be paid elsewhere in this Agreement.

E. **Escalation of Development Assessment:** The lot assessment set forth in paragraph D above, is subject to adjustment to reflect inflation. Beginning January 1, 2016 the assessment shall be adjusted for inflation and this adjustment shall take place annually thereafter on the first day of January, for any assessment that remains unpaid. The assessment shall be adjusted by the percent change in the CPI during the previous 12-month period. The CPI to be used is the Consumer Price Index-U, All City Average, Unadjusted, published by the Bureau of Labor Statistics.

F. **Community / Environmental Design:** The Owner agrees to achieve LEED

credit points in collaboration with the Salisbury/Wicomico Planning Commission for any development of parcel 740 using the rating system established by the United States Green Building Council's LEED Standards for Building Design New Construction, as Updated from time to time. The City and Owner/Assignee acknowledge that certain points under the rating system are unattainable because of the project's location and existing available services. Understanding this, and in order to establish a baseline, the City and Owner/Assignee will first agree to the total sum of LEED points unattainable due to these factors that are beyond the control of the Owner. The sum of these points will then be deducted from the total points possible; the difference then divided by the total points possible to arrive at a baseline quotient. Prior to development approval, the Owner shall submit specific findings, accepted by the Director of Planning, to demonstrate to the satisfaction of the Salisbury/Wicomico Planning Commission that the project has achieved, or would achieve upon development, the credit points needed for LEED Silver Certification when multiplied by the baseline quotient. In keeping with this provision, the Owner/Assignee agrees specifically to adhere to the following energy and environmental performance standards:

- Site lighting fixtures shall be energy efficient and, where possible, shall utilize LED lamps for energy efficiency and long lamp life. Streetlights if used shall also be selected for highest efficiency but recognizing that streetlights may ultimately be owned and maintained by the City of Salisbury, the selection of streetlights shall be made in conjunction with the City of Salisbury Department of Public Works.
- Roadway and parking lot construction shall be accomplished mainly using recycled aggregates and base materials in addition to conventional aggregates and paving materials when acceptable recycled materials meeting the required physical properties of the design engineer are locally available.
- The HVAC systems in all building(s) on the Property shall be high-efficiency units. Air conditioning compressors will be 17 SEER, minimum unless and until higher federal, state, or local standards are required.
- Water-saving plumbing fixtures shall be used in all buildings on the Property.
- Building roofing materials on the Property shall be selected for energy efficiency and to minimize the heat island effect of dark roof coverings.
- Building finish materials that have high-recycled content shall be selected where possible. Low VOC (Volatile Organic Compound) paints and finishes shall be used.

G. The Owner, at its sole expense, agrees to extend public water and sewer services to the Property governed by the alignment, specification, sizing, and area wide coordination and system requirements and guidance provided by the City Department of Public Works recognizing that such facilities shall be sized larger than that required by the Property alone; such work to be undertaken through a Public Works Agreement approved by the City.

Salisbury, Maryland 21801

**STATE OF MARYLAND**

**COUNTY OF \_\_\_\_\_, to wit:**

**I HEREBY CERTIFY**, that on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, a Notary Public in and for the State aforesaid, personally appeared \_\_\_\_\_, who has been satisfactorily proven to be the person whose name is subscribed to the within instrument, who acknowledged himself to be a duly elected official of the City of Salisbury, a municipal corporation of the State of Maryland, and that said official, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the municipal corporation as such official.

**WITNESS** my hand and notarial seal.

\_\_\_\_\_  
(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_

**I HEREBY CERTIFY**, that on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, a Notary Public in and for the State aforesaid, personally appeared Michael P. Pennington, who has been satisfactorily proven to be the person whose name is subscribed to the within instrument, who acknowledged himself to be the Executive Director of the Tri County Council for the Lower Eastern Shore, and that, being duly authorized so to do, he executed the foregoing instrument for the purposes therein contained, by signing the name.

**WITNESS** my hand and notarial seal.

\_\_\_\_\_  
(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_

**I HEREBY CERTIFY** that the foregoing instrument was prepared by or under the supervision of an attorney duly admitted to practice before the Court of Appeals of Maryland.

\_\_\_\_\_  
\_\_\_\_\_, City Attorney

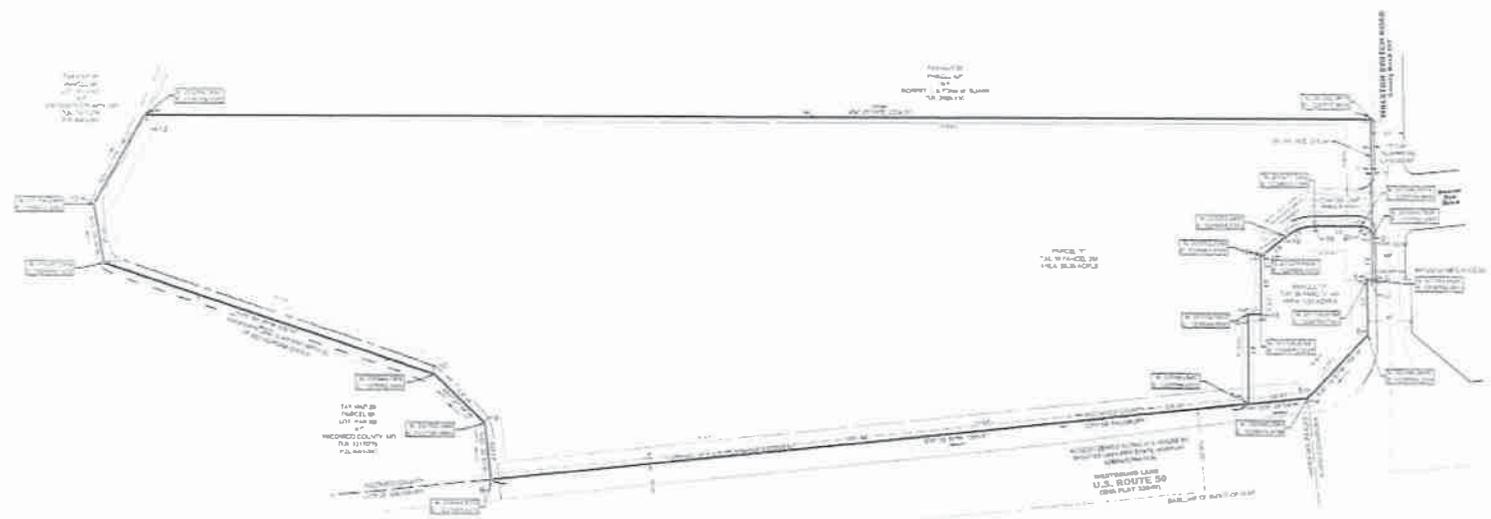


VICINITY MAP  
© 2008

**BECKER MORGAN GROUP**

ARCHITECTS

1000 W. WASHINGTON ST. SUITE 200  
FARMERS BRANCH, MD 21054  
TEL: 410-326-1000  
WWW.BECKERMORGAN.COM



**Area Table**

LINE	LENGTH	AREA
1	100.00	100.00
2	100.00	100.00
3	100.00	100.00
4	100.00	100.00
5	100.00	100.00
6	100.00	100.00
7	100.00	100.00
8	100.00	100.00
9	100.00	100.00
10	100.00	100.00
11	100.00	100.00
12	100.00	100.00
13	100.00	100.00
14	100.00	100.00
15	100.00	100.00
16	100.00	100.00
17	100.00	100.00
18	100.00	100.00
19	100.00	100.00
20	100.00	100.00
21	100.00	100.00
22	100.00	100.00
23	100.00	100.00
24	100.00	100.00
25	100.00	100.00
26	100.00	100.00
27	100.00	100.00
28	100.00	100.00
29	100.00	100.00
30	100.00	100.00
31	100.00	100.00
32	100.00	100.00
33	100.00	100.00
34	100.00	100.00
35	100.00	100.00
36	100.00	100.00
37	100.00	100.00
38	100.00	100.00
39	100.00	100.00
40	100.00	100.00
41	100.00	100.00
42	100.00	100.00
43	100.00	100.00
44	100.00	100.00
45	100.00	100.00
46	100.00	100.00
47	100.00	100.00
48	100.00	100.00
49	100.00	100.00
50	100.00	100.00

**Corner Table**

CORNER	LENGTH	BEARING	CHORD BEARING	CHORD LENGTH	DELTA
1	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
2	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
3	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
4	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
5	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
6	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
7	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
8	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
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13	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
14	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
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31	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
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37	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
38	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
39	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
40	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
41	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
42	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
43	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
44	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
45	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
46	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
47	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
48	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
49	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"
50	100.00	N 00° 00' 00" E	N 00° 00' 00" E	100.00	0° 00' 00"

**OWNER/SURVEYOR CERTIFICATION**

I, THE SURVEYOR, HEREBY CERTIFY THAT THE ABOVE REPRESENTS A TRUE AND ACCURATE STATEMENT OF THE BOUNDARIES OF THE PROPERTY DESCRIBED HEREIN AS SHOWN ON THIS PLAN AND THAT THE SAME HAVE BEEN SURVEYED AND PLATTED IN ACCORDANCE WITH THE REQUIREMENTS OF THE SURVEYING ACTS OF THE STATE OF MARYLAND.

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

**NOTES**

- A PORTION OF THIS PROPERTY IS LOCATED WITHIN THE "WATER SUPPLY PUBLIC UTILITY DISTRICT" AND IS SUBJECT TO THE CONDITIONS, EASEMENTS AND RESTRICTIONS THEREOF.
- THIS LOT IS BEING OFFERED TO BE USED AS A WATER SUPPLY PUBLIC UTILITY DISTRICT. LOT OWNERS ARE ENCOURAGED TO PREPARE THE SITE AND CONSTRUCT STRUCTURES SO AS TO MINIMIZE THE IMPACT OF THESE POTENTIAL WATER SUPPLY DISTRICT PROVISIONS.
- THIS PROPERTY IS LOCATED WITHIN AN AREA WHICH IS ZONED FOR AGRICULTURAL OPERATIONS. THIS PROPERTY IS NOT TO BE USED FOR ANY OTHER PURPOSES UNLESS APPROVED BY THE APPLICABLE COUNTY ZONING BOARD.
- THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A CURRENT TITLE COMMITMENT. THERE IS NO GUARANTEE AS TO THE EXISTENCE OR NON-EXISTENCE OF ANY EASEMENTS AFFECTING THIS PROPERTY.

**PROJECTED ANNEXATION NOTE**  
 ALL OF THESE LOTS ARE PROPOSED TO BE INCLUDED IN THE ANNEXATION AGREEMENT.  
 TOTAL AREA = 1,075 ACRES

**LEGEND**

- PLANNED DRIVE ROADS
- UNIMPROVED DRIVE
- HIGH ASSESSMENT ZONES

**SITE DATA**

PROJECT: PARSONS ELECTRIC DISTRICT  
 CLIENT: PARSONS ELECTRIC DISTRICT  
 DATE: 08/20/08  
 SCALE: 1" = 100'  
 DRAWN BY: GDD  
 CHECKED BY: JEM

**ANNEXATION/ BOUNDARY SURVEY LANDS OF TRI-COUNTY COUNCIL FOR THE LOWER EASTERN SHORE**

PARSONS ELECTRIC DISTRICT  
 WICOMICO COUNTY, MD

**ANNEXATION/ BOUNDARY SURVEY**



## REPORT OF ANNEXATION PLAN

*for the*

### WALSTON SWITCH ROAD – TRI-COUNTY COUNCIL FOR THE LOWER EASTERN SHORE OF MARYLAND ANNEXATION TO THE CITY OF SALISBURY

January 28, 2015

This Annexation Plan was prepared pursuant to the year 2006 changes to State law governing municipal annexation and planning (House Bill 1141)<sup>1</sup>. It is consistent with the Municipal Growth Element of the City of Salisbury Comprehensive Plan. The following are milestones in the public review and consideration of the proposed Annexation.

- At a work session on October 6, 2014, the Salisbury City Council reviewed the proposed annexation.
- On October 16, 2014 the City of Salisbury / Wicomico County Planning Commission reviewed the proposed annexation and forwarded a favorable recommendation to the Salisbury City Council for the proposed zoning of the Property.
- At a Salisbury City Council work session on March 2, 2015, the City Council formally reviewed the annexation agreement and the draft version of this Annexation Plan and directed that an Annexation Resolution be drafted for review.
- A City Council meeting held on May 26, 2015, the City Council formally reviewed this Annexation Plan and the Annexation Resolution and directed that a date for a public hearing be established. The Council further directed that the Annexation Plan be forwarded to the Maryland Department of Planning and the Wicomico County Executive and Council for comment within 30 days of the public hearing as provided for by State law.

---

<sup>1</sup> HB 1141, passed by the 2006 General Assembly and made into law, revised sections of Articles 66B and 23A of the Annotated Code of Maryland.

**1.0**

**GENERAL INFORMATION AND DESCRIPTION**

**1.1 Petitioners**

The petitioner is Tri-County Council for the Lower Eastern Shore of Maryland, at 31901 Tri-County Way, Suite 203 Salisbury, Maryland 21804.

**1.2 Location**

The Property is located in the northwest quadrant of the intersection of U.S. Route 50 and Walston Switch Road: Tax Map 0039, Grid 0005 and Parcels 0266 and 0740. The image below is an aerial photograph of the area.



**1.3 Property Description**

Attachment 1 shows the survey of the Property. The Annexation Property is presently tax-exempt and consists of two parcels totaling 27.59 acres of land. Parcel 0266 is 26.27 acres and is developed with the 72,000 square foot two-story Tri-County Council office building, the 12,000 square foot maintenance facility, and related facilities. The western edge of this parcel is forested and is largely protected by a forest conservation easement that was platted when the Property previously obtained development approval as shown on the survey in Attachment 1, the eastern most corner of the property nearest the intersection of Walston Switch and U.S. Route 50 is parcel 0740. It is 1.32 acres in size and has future development potential.

**1.4 Existing Zoning**

The Property is zoned LB-1, Light Business and Institutional. The land adjoining the property to the north and west is zoned LB-1. The land adjoining the property to the east is zoned A-1, Agriculture Rural, see attachment A-1.

**2.0**

**LAND USE PATTERN PROPOSED FOR THE AREA TO BE ANNEXED**

2.1 Comprehensive Plan

The City of Salisbury adopted its current Comprehensive Plan in 2010. The Property is located within the City's designated municipal growth area with a recommended land use of "Mixed Use".

The Comprehensive Plan's goal as it pertains to annexations is as follows: "To encourage the orderly growth and expansion of the City of Salisbury by annexing selected areas and by providing public services to newly developing areas without overburdening these facilities while continuing to maintain a high level of services to existing developments and residents of the City."

The current official Wicomico County Comprehensive Plan (adopted 1998) designated the Property as "Urban Corridor". The draft new County Comprehensive Plan designates the area as Mixed Use Non-Residential. The Wicomico County / Salisbury Planning Commission determined that the proposed City Zoning of the property (see below) is consistent with the County's "Urban Corridor" land use plan designation and the County's current zoning of the Property.

2.2 Proposed Zoning

Upon annexation, The Property is proposed to be zoned Mixed Use Non-Residential. Per Section 17.46.010 of the City Zoning Ordinance, the purpose of the District is "to provide areas for well-designed functional and attractive development with indoor retail, office, services, and institutional uses. Land uses are envisioned that promote the best possible building designs, development of public streets and utilities, and conservation of environmentally sensitive areas." See Attachment A-2

2.3 Proposed Land Use

The petitioners propose to continue to use the property as they have and to add a bus washing facility on an already developed portion of the property. The use of Parcel 0740 is not yet determined as there are no plans to develop the parcel, though it is for sale. The use of the parcel would need to comply with the City's Mixed Use Non-Residential zone which allows for a broad set of commercial office, service, retail, institutional, and governmental uses, but not residential or industrial uses.

**3.0**

**THE PUBLIC FACILITIES AND SERVICES NEEDED BY THE DEVELOPMENT AND THE METHODS TO PROVIDE SUCH FACILITIES AND SERVICES TO ANNEXED PARCEL**



revisions to the previously approved stormwater management plan for the Property would require Salisbury Public Works review and approval.

3.8 Waste Collection

Commercial development in the city is served by independent waste haulers.

4.0

**HOW DEVELOPMENT OF THE ANNEXED PARCEL WOULD RELATE TO EXISTING/PLANNED LAND USE DEVELOPMENT, STREETS, PUBLIC FACILITIES AND SERVICES, OPEN SPACES AND NATURAL AREAS.**

The Property is largely developed already. Much of the forested land on the site is protected through a forest conservation easement. A provision in the annexation agreement would ensure protection of this forested area and retention of the forested buffer along the U.S. Route 50 frontage. The presence of the stream, which forms the western property boundary, is a main rationale for protecting this forest stand.

There are no planned streets in the vicinity and direct road access from the Property to U.S. Route 50 is precluded by the State Highway Administration's access management policies.

The petitioners for annexation would extend water and sewer facilities from the south side of U.S. Route 50 under the highway connecting the property to municipal services. The facilities then would be available to other properties in the vicinity on the north side of the highway should additional connections be warranted and be found to advance the City's interests.

The Property is in the designated municipal growth area and is eligible for annexation. The existing uses of the annexation area are compatible with the land use pattern in the neighborhood. The possible future development of the 1.32-acre parcel 0740, nearest Walston Switch Road, would be regulated by City Zoning.



**BECKER MORGAN GROUP**

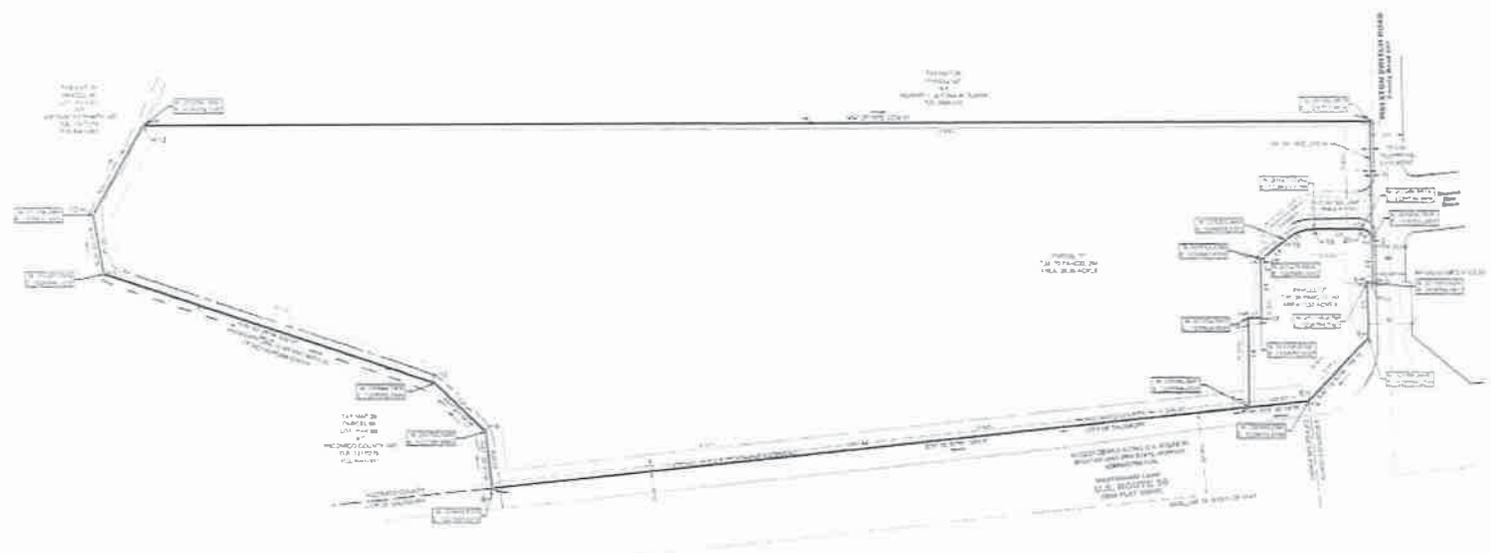
ANNEXATION/BOUNDARY SURVEY

PROJECT NO. 2017-0118

DATE: 03/28/2018

SCALE: 1" = 100'

PROJECTED ANNEXATION NOTE: ALL OF PARCELS AND PARCELS ARE PROPOSED TO BE INCLUDED IN THE ANNEXATION AGREEMENT. TOTAL AREA = 207.8 ACRES



**NOTES**

1. A PORTION OF THIS PROPERTY IS LOCATED WITHIN THE 100-YEAR FLOOD ZONE. DAMAGE CAUSED BY FLOODING IS SUBJECT TO THE CONDITIONS GOVERNING ANY FLOODING THEREOF.
2. THIS LOT MAY BE SUBJECT TO FLOOD DAMAGE LOCALS'S CLAIM WITH DAMAGE PROHIBITING LOT OWNERS ARE DISBURSED TO PREPARE THE SITE AND CONSTRUCT STRUCTURES SO AS TO MINIMIZE THE IMPACT OF THE POTENTIAL FLOOD DAMAGE PROBLEMS.
3. THIS PROPERTY IS LOCATED WITHIN AN AREA WHICH ALLOWS AGRICULTURAL OPERATIONS. THIS ZONING IS SUBJECT TO LOCAL GOVERNMENT'S REGULATION OF THE PROPOSED ANNEXATION.
4. THIS ANNEXATION IS PROPOSED WITHOUT THE EFFECT OF A CURRENT TITLE COMMITMENT. THERE IS NO GUARANTEE AS TO THE EXISTENCE OR NON-EXISTENCE OF ANY CLAIMS AFFECTING THIS PROPERTY.

**LEGEND**

- 1. FLOOD DAMAGE PROHIBITING
- 2. UNIMPROVED EASEMENT
- 3. 400' R.O.W. / 200' R.O.W.

**SITE DATA**

1. PROJECT NO.	2017-0118
2. DATE	03/28/2018
3. SCALE	1" = 100'
4. PROJECTED ANNEXATION NOTE	ALL OF PARCELS AND PARCELS ARE PROPOSED TO BE INCLUDED IN THE ANNEXATION AGREEMENT. TOTAL AREA = 207.8 ACRES

**Line Table**

LINE	LENGTH	BEARING
1	10.12	S 89° 00' 00" W
2	10.12	S 89° 00' 00" W
3	10.12	S 89° 00' 00" W
4	10.12	S 89° 00' 00" W
5	10.12	S 89° 00' 00" W
6	10.12	S 89° 00' 00" W
7	10.12	S 89° 00' 00" W
8	10.12	S 89° 00' 00" W
9	10.12	S 89° 00' 00" W
10	10.12	S 89° 00' 00" W

**Curve Table**

CURVE	LENGTH	RADIUS	CHORD BEARING	CHORD LENGTH	DELTA
1	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
2	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
3	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
4	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
5	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
6	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
7	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
8	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
9	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"
10	10.12	1000.00	S 89° 00' 00" W	10.12	90° 00' 00"

**OWNER/SURVEYOR CERTIFICATION**

I HEREBY CERTIFY THAT THE REQUIREMENTS OF REAL PROPERTY TITLE LAW OF THE ANNEXATION ACT OF MARYLAND, CAPTIONED AS THE ANNEXATION ACT, HAVE BEEN COMPLIED WITH TO THE BEST OF MY KNOWLEDGE.

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

**ANNEXATION/BOUNDARY SURVEY LANDS OF TRI-COUNTY COUNCIL FOR THE LOWER EASTERN SHORE**

PARSONS ELECTION DISTRICT  
WICOMCO COUNTY, MD

**ANNEXATION/BOUNDARY SURVEY**

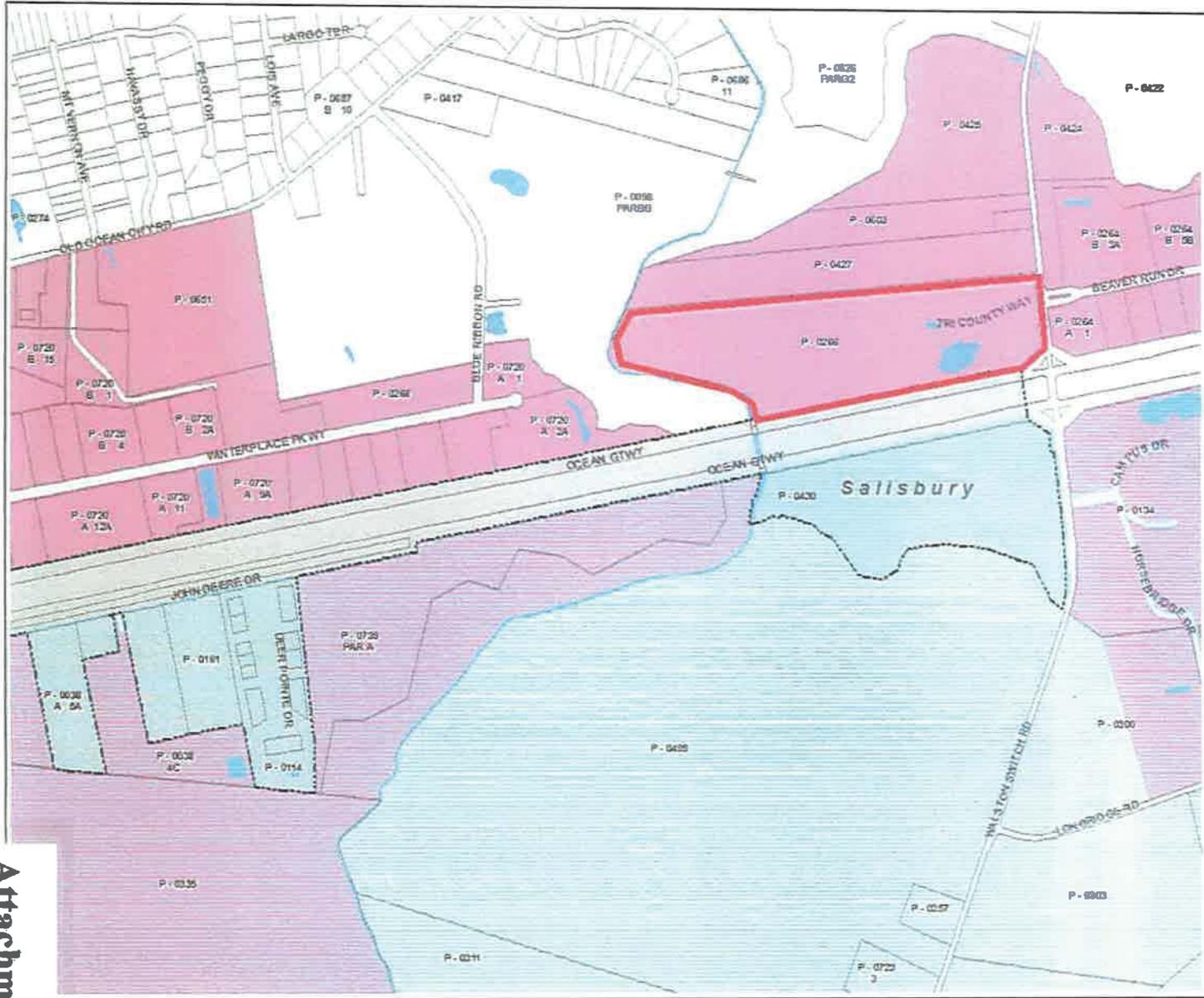




Attachment #2

Tri-County Council

# WICOMICO COUNTY ZONING MAP



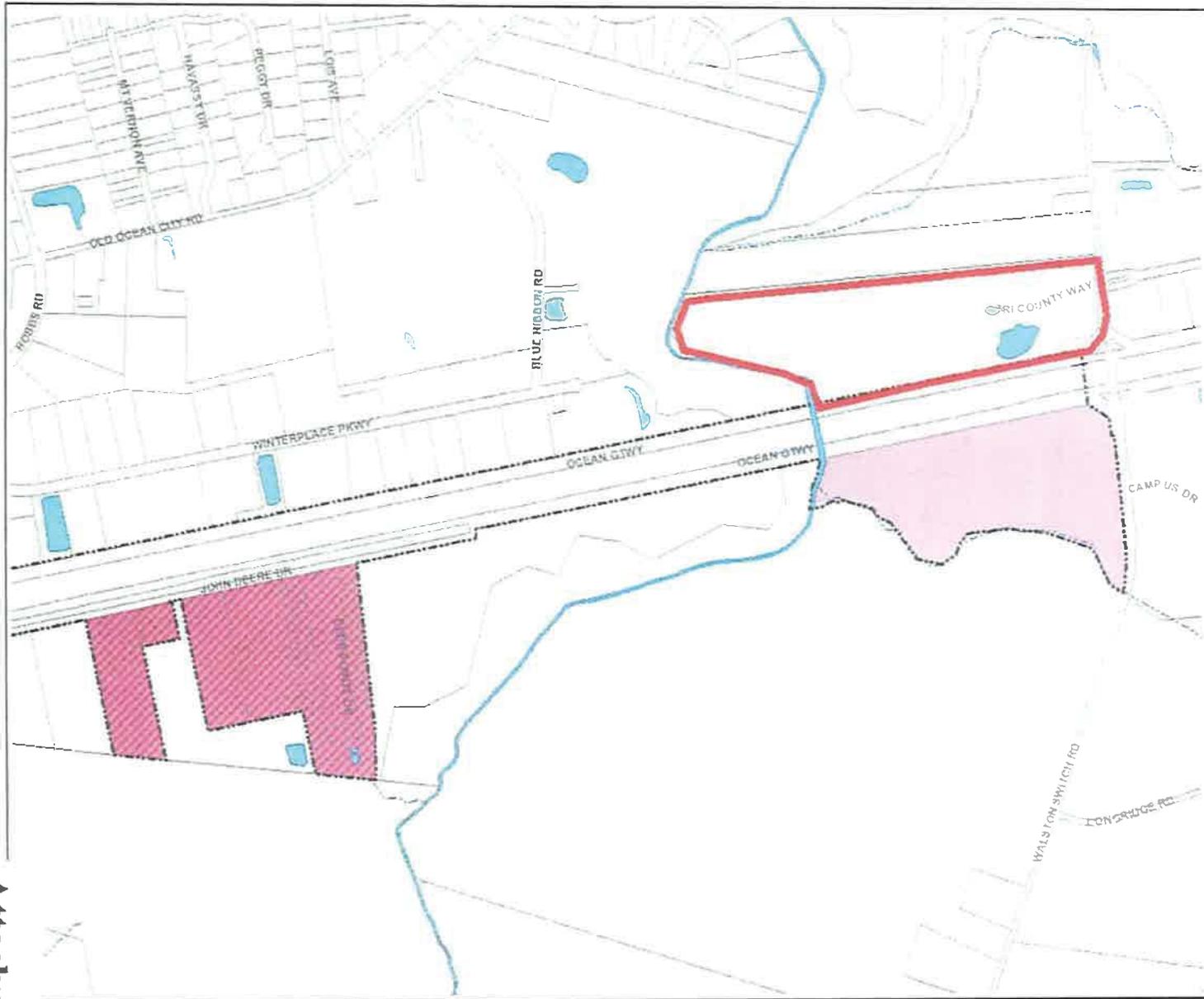
Attachment #3

246 ft

TCCLES\_CountyZoningMap\_08182014

# CITY OF SALISBURY

## Salisbury Zoning



- Paleochannel
- Streams
- Water Bodies
- Street Numbers
- Salisbury BZA Cases
- Municipal Areas**
- CAD**
- Delmar
- Fruitland
- Hebron
- Mandela
- Pitsville
- Salisbury
- Sharptown
- Willards
- Railroads**
- Parcels
- Critical Area
- Historic Districts**
- Dist\_Name**
- Camden Historic District
- Downtown Historic District
- Newtown Historic District
- Salisbury Zoning**
- CITY\_ZON**
- College & University
- Conservation
- CBD
- LBI
- General Commercial
- Reg Comm
- MUNR
- Select Commercial
- Hospital
- Ind
- Ind Park
- L Ind
- Neighborhood Business
- OSH
- OSR
- PDD
- PRD
- R - 5
- R - 5 A
- R - 8
- R - 8 A
- R - 10
- R - 10 A
- Riverfront Redevelopment
- Street Centerlines

246 ft

City Zoning Map\_Tri-County Council for the Lower Eastern Shore

SalisburyWicomico GIS

Attachment #4



# City of Salisbury – Wicomico County

DEPARTMENT OF PLANNING, ZONING AND COMMUNITY DEVELOPMENT

P.O. BOX 870

125 NORTH DIVISION STREET, ROOMS 203 & 201

SALISBURY, MARYLAND 21803-4860

410-548-4860

FAX: 410-548-4955



JAMES IRETON, JR  
MAYOR

TOM STEVENSON  
CITY ADMINISTRATOR

RICHARD M. POLITT, JR  
COUNTY EXECUTIVE

R. WAYNE STRAUSBURG  
DIRECTOR OF ADMINISTRATION

October 20, 2014

**SALISBURY-WICOMICO  
FILE COPY  
PLANNING**

Tri-County Council  
Attention: Mike Pennington  
31901 Tri-County Way, Suite 203  
Salisbury, MD 21804

**RE: ANNEXATION ZONING – Tri-County Council – Walston Switch Road Annexation – 27.6 Acres – M-39; G-5; P-266 & 740.**

Dear Mr. Pennington:

The Salisbury Planning Commission at its October 16, 2014, meeting, forwarded a **FAVORABLE** recommendation to the Mayor and City Council for this property to be zoned Mixed Use Non-Residential upon annexation. The proposed zoning is consistent with the Wicomico County Comprehensive Plan recommendation for Urban Corridor development and County zoning of Light Business and Institutional.

If you have any questions concerning this matter, please don't hesitate to contact Gloria Smith or myself at 410-548-4860.

Sincerely,

John F. Lenox, AICP  
Director

Salisbury/Wicomico Planning & Zoning

cc: Mike Moulds, Director of City Public Works Department  
Bill Holland, Director of City Building, Permits, and Inspections Department  
Assessments



**City of Salisbury – Wicomico County**  
DEPARTMENT OF PLANNING, ZONING AND COMMUNITY DEVELOPMENT  
P.O. BOX 870  
125 NORTH DIVISION STREET, ROOMS 203 & 201  
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JAMES IRETON, JR.  
MAYOR

TOM STEVENSON  
CITY ADMINISTRATOR

RICHARD M. POLITT, JR.  
COUNTY EXECUTIVE

R. WAYNE STRAUSBURG  
DIRECTOR OF ADMINISTRATION

## **STAFF REPORT**

**MEETING OF OCTOBER 16, 2014**

**NAME:** Tri-County Council – Walston Switch Road Annexation

**APPLICANT:** The City of Salisbury - Referral

**LOCATION:** Easterly side of the City of Salisbury, on the westerly side of Walston Switch Road and the northerly side of U.S. Route 50, 31901 Tri County Way.  
Tax Map #39, Parcel #266, Grid #5

**REQUEST:** Annexation Zoning – 27.6 acres

### **I. BACKGROUND DATA:**

#### **A. Introduction.**

The City Administration has referred the Tri-County Council – Walston Switch Road annexation located on the easterly side of Salisbury to the Planning Commission for review and recommendation of an appropriate zoning designation. The property is located on the westerly side of Walston Switch Road and the northerly side of U.S. Route 50 and consists of 27.6 acres. (See Attachments #1 and 2.)

Under the procedures established by the Mayor and City Council in 1987, the zoning classification of the area will be included in the resolution that annexes the property to the City. Prior to this policy, annexations were conducted by resolution and the zoning category established by a separate ordinance on a separate time schedule. This policy now puts the zoning classification and annexation on the same schedule.

#### **B. Area Description.**

This annexation area consists of one parcel 27.6 acres in size and that is developed with a 74,000 sq. ft. two-story office building and a 12,000 sq. ft. maintenance facility, parking and related amenities. (See Attachment #2.)

- b. The Wicomico County Comprehensive Plan - The Wicomico County Council adopted its Plan on February 3, 1998. The Land Use Map of the County Comprehensive Plan designates this area as "Urban Corridor." The Draft 2014 County Plan designates this area as "Mixed Use Non-Residential".

### 3. Maryland Law.

House Bill 1141 made two changes to Annexation Procedures that became effective October 1, 2006. They are:

1. **The Five-Year Rule.** First, the rule is applied solely on zoning. In the past, the five-year rule could be applied whenever a proposed new zoning classification was substantially different from the use envisioned "in the current and duly adopted master plan." The reference to the master plan is now gone and the issue becomes the degree of change from the current county zoning classification to the proposed municipal classification following the annexation. When the zoning change is from one residential zone to another, "substantially different" is now defined as a density change. The five-year rule will not kick in for a density change unless the proposed zoning is more dense by 50 percent. For example, if the current zoning permits 1 unit per acre, the new zoning can be subject to the five-year rule if it permits anything more than 1.5 units per acre. As before, a municipality may obtain a waiver from the county to avoid the five-year wait until the new zoning classification applies.
2. **Annexation Plans Required.** An annexation plan is required that replaces the "outline" for the extension of services and public facilities prior to the public hearing for an annexation proposal. This section contains no additional language for the content of the annexation plan to be adopted, but does require it to be consistent with the municipal growth element for any annexations that begin after October 1, 2009 (unless extended for up to two six-month periods). The Plan must be provided to the county and the State (the Maryland Department of Planning) at least 30 days prior to the hearing.

## III. DEVELOPMENT SCENARIO.

### A. Proposed Use.

As previously noted, the property is developed with a 74,000 sq. ft. two-story office building and a 12,000 sq. ft. maintenance facility, parking and related amenities. No further development of the site is proposed at this time. City water and sewer service is required for the bus washing facility.

**17.46.050 Development standards.**

Development standards for the (mixed use non residential) district shall be as follows:

- A. Prior approval requirements. Prior to the development of a tract, lot, parcel or any part of the district, a Comprehensive Development Plan, as defined in section 17.04.120, shall be submitted to the Planning Commission for review and approval in accordance with chapter 17.180.
- B. Minimum lot requirements. All lots hereafter established shall meet the following minimum requirements:
  - 1. Lot area: twenty-five thousand (25,000) square feet;
  - 2. Interior lot width: one hundred (100) feet;
  - 3. Corner lot width: one hundred twenty (120) feet.
- C. Minimum yard requirements shall be as follows:
  - 1. Front: forty-five (45) feet from property line;
  - 2. Side, interior: two required, ten feet each, except thirty (30) feet where adjacent to a residential district;
  - 3. Side, corner: forty-five (45) feet from property line;
  - 4. Rear: thirty (30) feet from property line.
- D. The height limitation shall be forty (40) feet.
- E. Parking, loading and unloading shall be in accordance with chapter 17.196.
- F. Access. Direct access onto a street or highway shall be reduced or eliminated wherever the City Department of Public Works determines that alternate or unified points of access are available to a site resulting in better traffic flow and less traffic congestion.
- G. Signs. Signage shall be in accordance with the provisions of section 17.216.120, Light Business and Institutional District.
- H. Lighting. Lighting shall be designed so as not to throw glare onto surrounding properties. Flashing lights are prohibited.
- I. Landscaping and screening. In addition to the requirements of Chapter 17.220, the following shall be required:
  - 1. All areas not devoted to building or required parking areas shall be landscaped as defined in Section 17.04.120 and maintained in accordance with Section 17.220.080.



**JAKUBIAK & ASSOCIATES** INCORPORATED

To: Thomas Stevenson City Administrator  
From: Christopher Jakubiak, AICP  
Date: January 29, 2015  
Re: Fiscal Impact, Walston Switch – Tri-County Council Annexation

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The Walston Switch Road – Tri-County Council Annexation would add 27.6 acres to the City. Included in this acreage are two parcels of land. Parcel 0266 is already improved with a 72,000 square foot office building and a 12,000 square foot maintenance facility building. This parcel, its land and buildings have an estimated 2014 assessed value \$5.09 million. However it is tax-exempt. The other parcel, 0740, is 1.32 acres in size with an assessed value of \$75,200. It is unimproved at this time though available for development. It too, at present, is tax-exempt.

The fiscal impact evaluations that accompany annexations typically compute and compare the costs and revenues associated with an annexation and its prospective development. In this case, the Property is entirely tax-exempt being owned by Tri-County Council for the Lower Eastern Shore of Maryland. The annexation would not therefore directly contribute property tax revenues to the City. While the organization provides public services that benefit residents of Salisbury and the community at large, from a purely fiscal standpoint, the annexation would not result in a positive fiscal impact. The City would extend services including fire and police services but receive no real property tax revenues as long as the property is tax-exempt.

It is possible that parcel 0740 will develop privately and thus lose its tax-exempt status. However, because of the relatively small size of this parcel, the tax property revenues generated would not be sufficient to cover the full costs of providing municipal governmental services to the Annexation Property as a whole. Parcel 0740 on its own may be expected to have an annual fiscal impact ranging from a positive \$3,600 to a negative \$4,800; depending on the nature of its future land use and development program.

In summary, because the vast majority of the Annexation Property is a public service use and is tax exempt, the Walston Switch Road – Tri-County Council annexation will not generate a net positive fiscal impact for the City.



29 WHEREAS, the public hearing is scheduled for Monday, July 13, 2015, at 6:00  
30 p.m.

31 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF  
32 SALISBURY THAT it is hereby proposed and recommended that the boundaries of the City of  
33 Salisbury be changed so as to annex to and include within said City all that parcel of land  
34 together with the persons residing therein and their property, contiguous to and binding upon the  
35 westerly side of and binding upon Walston Switch Road, and being more particularly described  
36 on Exhibit "A" attached hereto and made a part hereof.

37 AND BE IT FURTHER RESOLVED BY THE CITY OF SALISBURY, THAT the  
38 annexation of the said area be made subject to the terms, conditions and agreements in Exhibits  
39 A-C attached hereto and made a part hereof.

40 AND BE IT FURTHER RESOLVED BY THE CITY OF SALISBURY, THAT the  
41 Zoning Map of the City of Salisbury shall be amended to include these newly annexed properties  
42 in the Mixed Use Non-Residential Zoning District. Said properties are presently classified as  
43 "LB-1" Light Business and Institutional under the zoning laws of Wicomico County.

44 AND BE IT FURTHER RESOLVED BY THE CITY OF SALISBURY, that the Council  
45 hold a public hearing on the annexation hereby proposed on May 26, 2015, at 6:00 p.m. in the  
46 Council Chambers at the City-County Office Building and the City Administrator shall cause a  
47 public notice of time and place of said hearing to be published not fewer than four (4) times at  
48 not less than weekly intervals, in at least one newspaper of general circulation in the City of  
49 Salisbury, which said notice shall specify a time and place at which the Council of the City of  
50 Salisbury will hold a public hearing on the Resolution, which date shall be no sooner than 15  
51 days after the final required date of publication specified above.

52           AND BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF  
53 SALISBURY, THAT this resolution shall take effect upon the expiration of forty-five (45) days  
54 following its final passage, subject, however, to the right of referendum as contained in the Local  
55 Government Article of the Maryland Code.

56           The above Resolution was introduced, read and passed at the regular meeting of the  
57 Council of the City of Salisbury held on the 26<sup>th</sup> day of May, 2015, having been duly published  
58 as required by law in the meantime, and was finally passed after a Public Hearing by the Council  
59 at its regular meeting held on the 13<sup>th</sup> day of July, 2015.

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62 \_\_\_\_\_  
63 Kimberly R. Nichols,  
64 City Clerk

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

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68 APPROVED BY ME this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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72 \_\_\_\_\_  
73 James Ireton, Jr.,  
74 Mayor of the City of Salisbury



28 Salisbury, which said notice shall specify a time and place at which the Council of the City of  
29 Salisbury will hold a public hearing on the Resolution.

30 The above Resolution was introduced, read and passed at the regular meeting of the  
31 Council of the City of Salisbury held on the 26th day of May, 2015, having been duly published  
32 as required by law in the meantime, and a public hearing having been held on July 13, 2015, the  
33 Resolution was finally passed by the Council at its regular meeting held on the 13th day of July,  
34 2015.

35

36 \_\_\_\_\_  
37 Kimberly R. Nichols,  
38 City Clerk

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

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42 APPROVED BY ME this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

43

44 \_\_\_\_\_  
45 James Ireton, Jr.,  
46 Mayor of the City of Salisbury

47

# City of Salisbury



JAMES IRETON JR.  
MAYOR

TOM STEVENSON  
CITY ADMINISTRATOR



Maryland

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



BARBARA DUNCAN  
CHIEF OF POLICE

April 15, 2015

TO: Tom Stevenson

FROM: Colonel David Meienschein

SUBJECT: Ordinance – Budget Amendment

The members of the Salisbury Police Department are required to complete firearms training and officer recertification yearly. The ammunition utilized during the training has brass casings which are collected and stored. When the storage bins are full the officers transport the brass casings to Delmarva Recycling Inc., and they pay us the fair market value for the brass.

The monies collected for the brass casings in the amount of \$1,470.00 is forwarded to the City and deposited in the General Fund. I am requesting a Budget Amendment to recognize that that revenue has been received by the City and to increase the Police Department small tools account (21021-546009) in the same amount to purchase service weapons for new officers.

Unless you or the Mayor has further questions, please forward this Ordinance to the City Council.

A handwritten signature in black ink, appearing to read "David Meienschein", written over a horizontal line.

David Meienschein  
Assistant Chief of Police

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ORDINANCE NO. 2334

AN ORDINANCE OF THE CITY OF SALISBURY APPROVING A BUDGET AMENDMENT OF THE FY15 GENERAL FUND BUDGET TO APPROPRIATE THE FUNDS RECEIVED FROM THE RECOVERY AND RECYCLING OF BRASS SHELL CASINGS AT THE SALISBURY POLICE RANGE TO PURCHASE SERVICE WEAPONS.

WHEREAS, members of the Salisbury Police Department have retrieved, stored and recycled the brass shell casings from all firearms training at the Salisbury Police Range; and

WHEREAS, the recycling of these brass shell casings through Delmarva Recycling, Inc. has produced a monetary return for the efforts put forth; and

WHEREAS, Delmarva Recycling, Inc. has paid the City \$1,470.00 which was placed in the General Fund; and

WHEREAS, the Salisbury Police Department has use for the funds received from the recycled brass shell casings in the Small Tools Account (21021-546009) which is used, in part, to purchase service weapons for new police officers.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND that the City's Fiscal Year 2015 General Fund Budget be and is hereby, amended as follows:

- 1) Increase General Fund Revenue (Delmarva Recycling Account) by \$1,470
- 2) Increase the Police Department budget by \$1,470

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 this \_\_\_\_\_ day of \_\_\_\_\_, 2015, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

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

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

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2015

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

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INTER

OFFICE

# MEMO

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*OFFICE OF THE MAYOR*

**To:** Tom Stevenson, City Administrator  
**From:** Julia Glanz, Assistant City Administrator  
**Subject:** Budget Amendment to Provide Funding to Acquire Properties at Tax Sale  
**Date:** May 13, 2015

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Please find the attached budget amendment to provide funding to acquire properties at Tax Sale. There are currently 15 properties that the City would like to acquire with the goal of rehabilitation, repurpose or demolition to help revitalize our neighborhoods. We would like to acquire these properties on June 17, 2015, instead of waiting another full calendar year until the next Tax Sale of 2016. The City will work with community partners to systematically improve the health of our neighborhoods.

Unless you or the Mayor have any further comments, please forward this memo and the attachments to the Council for their discussion and consideration at a work session.

Attachment: Budget Amendment to Provide Funding to Acquire Properties at Tax Sale

ORDINANCE NO. 2335

AN ORDINANCE OF THE CITY OF SALISBURY APPROVING AN AMENDMENT OF THE FY 2015 GENERAL FUND BUDGET TO APPROPRIATE FUNDING FOR PURCHASE OF PROPERTY AT TAX SALE AS PART OF A COMMUNITY DEVELOPMENT INITIATIVE.

WHEREAS, the City of Salisbury is interested in the revitalization of abandoned or troubled properties; and

WHEREAS, the City has identified properties which have the potential to become a blighting influence on the neighborhood they are in; and

WHEREAS, the City believes that the revitalization of the areas they are in can be facilitated if the city is able to gain control of this property; and

WHEREAS, the City believes that the properties have the potential to be redeveloped for low-mod income house and community purposes; and

WHEREAS, the City agrees to fund the purchase at the 2015 tax sale of any or all of the identified properties for community development purposes; and

WHEREAS, the City's FY 2015 budget does not contain an appropriation sufficient to cover this purchase.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND THAT THE City's Fiscal Year 2015 General Fund Budget be and hereby is amended as follows:

- 1) Increase Current Surplus Available (01000- 469810) by \$37,527.14
- 2) Increase Land Acquisition (90500-577020) Budget by \$37,527.14

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on this \_\_\_\_ day of \_\_\_\_\_ 2015, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Council on the \_\_\_\_ day of \_\_\_\_\_, 2015.

**ATTEST:**

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

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

APPROVED BY ME THIS \_\_\_\_ day of \_\_\_\_\_, 2015.

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

# Memo

To: Tom Stevenson  
From: Susan Phillips  
Date: April 29, 2015  
Re: Bed & Breakfast Fee Schedule Ordinance

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Attached you will find an ordinance adding a fee schedule as required in the Bed & Breakfast Ordinance # 2310.

Unless you or the mayor has any questions please forward this information to the city council for review and consideration.

1 **ORDINANCE NO. 2336**

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4 AN ORDINANCE of the Mayor and Council of the City of Salisbury to establish  
5 a fee schedule to obtain a permit to operate a Bed and Breakfast Inn.  
6

7 **WHEREAS**, Chapter 17.04.120 Definitions. "Bed and Breakfast Inn" requires a Bed and  
8 Breakfast Inn in the City of Salisbury to obtain a permit to operate; and  
9

10 **WHEREAS**, a fee shall be imposed for the administrative costs of the issuance of a  
11 permit to operate a Bed and Breakfast Inn.  
12

13 **NOW, THEREFORE**, be it enacted and ordained by the Council of the City of  
14 Salisbury, Maryland, in regular session, that the fee schedule shall be as follows:  
15

16 \$60.00 Bed and Breakfast Inn Permit  
17

18 AND BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE  
19 CITY OF SALISBURY, MARYLAND, that all fees contained herein shall be reviewed from  
20 time to time, but at least annually, for fairness and sufficiency.  
21

22 AND BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE  
23 CITY OF SALISBURY, MARYLAND, that the ordinance will take effect upon final passage.  
24

25 THIS ORDINANCE was introduced and read at a meeting of the Council of the City of  
26 Salisbury held on the \_\_\_\_ day of \_\_\_\_\_, 2015 and thereafter, a statement of the  
27 substance of the ordinance having been published as required by law, in the meantime, was  
28 finally passed by the Council on the \_\_\_ day of \_\_\_\_\_, 2015, and shall take effect  
29 \_\_\_\_\_.  
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31  
32 ATTEST:  
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34 \_\_\_\_\_  
35 Kimberly R. Nichols, City Clerk

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Jacob R. Day, City Council President

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39 Approved by me, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.  
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42 \_\_\_\_\_  
43 James Ireton, Jr.,  
44 Mayor  
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