

CITY OF ANNAPOLIS
SPECIAL MEETING OF THE CITY COUNCIL
 December 17, 2012, 7:00 p.m.

Call to Order
 Invocation
 Pledge of Allegiance
 Roll Call
 Approval of Agenda

Mayor Cohen
 Alderman Kirby
 Mayor Cohen
 City Clerk Watkins-Eldridge

CITY COUNCIL CITATIONS

James LoBosco
 Former General Manager, Loews Annapolis Hotel

Mayor Cohen

PETITIONS, REPORTS AND COMMUNICATIONS

Reports by Committees

Comments by the General Public

A person appearing before the City Council with a petition, report or communication shall be limited to a presentation of not more than three minutes.

Update on Clean and Green City Initiative

Mike Mallinoff
 City Manager

Gail Smith
 Human Services Director and Ombudsman

PUBLIC HEARINGS

O-42-12 Residency Requirements for Certain Department Directors – For the purpose of amending the residency requirement for certain department directors by amending the following portion of the Code of the City of Annapolis, 2012 Edition: 2.04.060.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
11/26/12	12/17/12		
Referred to	Referral Date	Meeting Date	Action Taken
Rules and City			

Government			
------------	--	--	--

LEGISLATIVE ACTIONS

CHARTER AMENDMENTS, ORDINANCES and RESOLUTIONS – 2ND READING

O-27-12 Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for Restaurants Renewing Their Alcoholic Beverage Licenses – For the purpose of removing the requirement that a certified public accountant attest to the ratio reports that restaurant class alcoholic beverage licensees must provide when renewing their licenses and instead allowing the owner to provide a sworn statement regarding the ratio of food and liquor sales.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
7/23/12	9/24/12	9/14/12	10/19/12
Referred to	Referral Date	Meeting Date	Action Taken
Economic Matters	7/23/12	10/15/12	Favorable
Alcoholic Beverage Control Board	11/26/12	12/5/12	Favorable

O-39-12 Issuance of Bonds – Water Treatment Plant - For the purpose of authorizing and empowering the City of Annapolis (the “City”) to finance and refinance the construction, renovation and equipping of a water treatment plant through the issuance and sale, upon its full faith and credit, of general obligation bonds or notes in an aggregate principal amount not to exceed Thirty Five Million Dollars (\$35,000,000), pursuant to Sections 31 through 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume), as amended, and Article VII, Section 11 of the Charter of the City, as amended; prescribing the form and tenor of said bonds or notes; determining the method of sale of said bonds or notes and other matters relating to the issuance and sale thereof; providing for the disbursement of the proceeds of said bonds and notes; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on said bonds and notes; and generally providing for and determining various matters relating to the issuance, sale and delivery of all said bonds and notes.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
10/22/12	11/5/12	11/5/12	01/13/13
Referred to	Referral Date	Meeting Date	Action Taken

Environmental Matters	10/22/12	11/15/12	Favorable
Finance	10/22/12	12/11/12	Favorable
Financial Advisory Commission	10/22/12	11/15/12	No action taken.

R-47-12 Revision to the Capital Improvement Budget and Program: FY 2013 to FY 2018
 – For the purposes of the purposes of revising the capital improvement budget for the Fiscal Year 2013, and the capital improvement program (Water Treatment Plant) for the six-year period from July 1, 2012, to June 30, 2018.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
10/22/12	11/5/12	11/05/12	01/13/13
Referred to	Referral Date	Meeting Date	Action Taken
Environmental Matters	10/22/12	11/19/12	
Finance	10/22/12	12/11/12	Favorable
Financial Advisory Commission	10/22/12	11/15/12	No action taken.

ORDINANCES and RESOLUTIONS – 1st READER

O-43-12 Lease of Public Parking Lots to FRESHFARM Markets, Inc. – For the purpose of authorizing a lease of municipal property located at 110 Compromise Street from May, 2013, through November, 2013, to FRESHFARM Markets, Inc.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
12/17/12			03/10/13
Referred to	Referral Date	Meeting Date	Action Taken
Rules and City Gov't			
Economic Matters			

R-50-12 Public Information - For the purpose of establishing administrative regulations for filing and processing requests to the City of Annapolis for inspection for access to public records.

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
12/17/12			01/21/13
Referred to	Referral Date	Meeting Date	Action Taken
Rules and City Government			

BUSINESS and MISCELLANEOUS

1. Appointments and reappointments
2. Budget Revision Requests

UPCOMING CITY COUNCIL EVENTS

Regular Meeting: Monday, January 14, 2013, 7:00 p.m. City Council Chambers
 Special Meeting: Monday, January 28, 2013, 7:00 p.m. City Council Chambers

Carol Richardson - Re: Legal Ad - Public Hearing - Notice

From: Legal Ad <legalad@capgaznews.com>
To: Carol Richardson <CDRichardson@annapolis.gov>
Date: 12/13/2012 8:57 AM
Subject: Re: Legal Ad - Public Hearing - Notice

Ad received. Thanks

Suzanne Scarborough
Capital-Gazette Communications
Legal Advertising Supervisor
410-268-5000 X3223
Fax 410-626-0224
legalad@capgaznews.com
www.capitalgazette.com

On Wed, Dec 12, 2012 at 2:18 PM, Carol Richardson <CDRichardson@annapolis.gov> wrote:

Suzanne,

Attached and below is the notice for a public hearing to be held by the Annapolis City Council on December 17, 2012. Please let me know if you have any questions.

December 12, 2012

TO: The Capital Legal Notices:
legalad@capgaz.com

FROM: Carol Richardson, Legislative and Policy Analyst

RE: Notice of Public Hearing

PUBLISH: Please publish on: ***Monday, December 17, 2012***

Please send bill and certificate of publication to the City of Annapolis Office of Law, 93 Main Street, 3rd Floor, Annapolis MD 21401.

NOTICE OF ANNAPOLIS CITY COUNCIL PUBLIC HEARING

Notice is hereby given that the Annapolis City Council will hold a public hearing on Monday, December 17, 2012 at 7:00 p.m., in City Council Chambers, 160 Duke of Gloucester Street, Annapolis, to consider:

O-42-12 Residency Requirements for Certain Department Directors – For the purpose of amending the residency requirement for certain department directors by amending the following portion of the Code of the City of Annapolis, 2012 Edition: 2.04.060.

The above legislation on the City Council agenda for public hearing can be viewed on the City's website at: <http://www.annapolis.gov/Government/Departments/LawOffice/PendingLegis.aspx>

Carol
Carol Richardson
City of Annapolis Office of Law
Legislative and Policy Analyst
[\(410\) 265-7954](tel:4102657954)
[\(410\) 263-1184](tel:4102631184) direct

1 CITY COUNCIL OF THE
2 City of Annapolis

3
4 Ordinance No. O-42-12

5 Introduced by: Alderwoman Finlayson
6
7

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
Referred to	Referral Date	Meeting Date	Action Taken
11/26/12			
Rules and City Government	11/26/12		

8
9 **AN ORDINANCE** concerning

10
11 **Residency of Certain Department Directors**

12 **FOR** the purpose of amending the residency requirement for certain department directors.

13 **BY** amending the following portion of the Code of the City of Annapolis, 2012 Edition:

14 2.04.060.

15
16
17 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**
18 **COUNCIL** that the Code of the City of Annapolis shall be amended to read as follows:

19 **2.04.060 – Residency of department directors.**

20 The department directors specified in this section shall reside either in the City or within a
21 [fifteen] FIFTY-road-mile radius of the City's boundaries, except at the time of appointment or
22 employment. The residence required by this section shall be established within three months of
23 appointment or employment by the following department directors:

- 24 A. Chief, Police Department;
25 B. Chief, Fire Department;
26 C. Director of Public Works.
27

28 **SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
29 **ANNAPOLIS CITY COUNCIL** that this Ordinance shall take effect from the date of its passage.

30
31 **ADOPTED** this _____ day of _____, _____.
32
33

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY

Regina C. Watkins-Eldridge, MMC, City Clerk

Joshua J. Cohen, Mayor

1
2
3
4
5
6
7
8
9

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.

[brackets] indicate matter stricken from existing law.

Underlining indicates amendments.

FISCAL IMPACT NOTE

Legislation No: O-42-12

First Reader Date: 11/26/12

Note Date: 12/13/12

Legislation Title: **Residency of Certain Department Directors**

Description: For the purpose of amending the residency requirement for certain department directors by amending the following portion of the Code of the City of Annapolis, 2012 Edition.

Analysis of Fiscal Impact: This legislation will produce no significant fiscal impact.

1 CITY COUNCIL OF THE
2 City of Annapolis

3 Ordinance No. O-27-12

4 Introduced by: Mayor Cohen
5
6
7

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
7/23/12	9/24/12	9/14/12	10/19/12
Referred to	Referral Date	Meeting Date	Action Taken
Economic Matters	7/23/12	10/15/12	Favorable
Alcoholic Beverage Control Board	11/26/2012	12/5/12	

8 AN ORDINANCE concerning
9

10 Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for
11 Restaurants Renewing Their Alcoholic Beverage Licenses

12 FOR the purpose of removing the requirement that a certified public accountant attest to the
13 ratio reports that restaurant class alcoholic beverage licensees must provide when
14 renewing their licenses and instead allowing the owner to provide a sworn statement
15 regarding the ratio of food and liquor sales.

16 BY repealing and re-enacting with amendments the following portions of the Code of the
17 City of Annapolis, 2011 Edition
18 Section 7.12.230
19

20 WHEREAS, the July 2010 report from the Citizens Committee to Review Alcoholic Beverage
21 Laws (CCRABL) recommended that the restaurant licensee owner be allowed to
22 provide a sworn statement that the gross receipt from food sales in the restaurant
23 is at least equal to the required ratio, rather than requiring a certified public
24 accountant to attest to the ratio report.
25

26 SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY
27 COUNCIL that the Code of the City of Annapolis shall be amended to read as follows:

28 Chapter 7.12 – ALCOHOLIC BEVERAGES.

29 7.12.230 - Restaurants.

30 A. This section applies to restaurants.

31 B. Holders of restaurant class licenses shall keep in bound book form complete records of
32 food purchases and food sales in their restaurants, as well as records of all purchases and

1 sales of alcoholic beverages. They also shall preserve for a period of at least four months the
2 original invoices or sales tickets of food and alcoholic beverages so purchased.

3 C. Upon making application for renewal of a restaurant class license, the applicant shall
4 furnish a report [from a certified public accountant] stating the ratio of the daily receipts from the
5 sale of food to the combined daily receipts from the sale of food and from the sale of alcoholic
6 beverages. The daily receipts shall be averaged on a quarterly basis for the calendar year
7 preceding the year for which application for renewal of the restaurant class license is being
8 made.

9 D. Restaurant-class licenses are as follows:

10 1. Class B-1: Alcoholic beverages shall be served only with meals and sales shall be
11 only between the hours of six a.m. and twelve midnight, Monday through Saturday. The
12 premises shall not contain a bar open to the public.

13 2. Class B-1.X: Alcoholic beverages shall be served only with meals and sales shall be
14 only between the hours of six a.m. and two a.m., Monday through Saturday. The premises
15 shall not contain a bar open to the public.

16 3. Class B-2: Alcoholic beverages shall be served only with meals and sales shall be
17 only between the hours of six a.m. and twelve midnight, seven days a week. The premises
18 shall not contain a bar open to the public.

19 4. Class B-2.X: Alcoholic beverages shall be served only with meals and sales shall be
20 only between the hours of six a.m. and two a.m., seven days a week. The premises shall
21 not contain a bar open to the public.

22 5. Class B-3: Alcoholic beverages are restricted to on sale only and sales shall be only
23 between the hours of six a.m. and twelve midnight, Monday through Saturday.

24 6. Class B-3.X: Alcoholic beverages are restricted to on sale only and sales shall be
25 only between the hours of six a.m. and two a.m., Monday through Saturday.

26 7. Class B-4: Alcoholic beverages are restricted to on sale only and sales shall be only
27 between the hours of six a.m. and twelve midnight, seven days a week.

28 8. Class B-4.X: Alcoholic beverages are restricted to on sale only and sales shall be
29 only between the hours of six a.m. and two a.m., seven days a week.

30 9. Class B-3.a, class B-3.X.a, class B-4.a and class B-4.X.a: In addition to the on sale of
31 alcoholic beverages, off sale is permitted Monday through Saturday during authorized
32 hours.

33 10. Class B-4.a.b and class B-4.X.a.b: In addition to the on sale of alcoholic beverages
34 and off sale of alcoholic beverages Monday through Saturday, off sale is permitted on
35 Sunday during authorized hours.

36

37 **SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
38 **ANNAPOLIS CITY COUNCIL** that this Ordinance shall take effect from the date of its passage.

39

40 **ADOPTED** this _____ day of _____, _____.

1
2
3

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY

Regina C. Watkins-Eldridge, MMC, City Clerk

Joshua J. Cohen, Mayor

4
5
6
7
8
9

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.

[brackets] indicate matter stricken from existing law.

Underlining indicates amendments.

Policy Report

O-27-12

Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for Restaurants Renewing Their Alcoholic Beverage Licenses

The proposed ordinance would enact the recommendation of the Citizens Committee to Review Alcoholic Beverage Laws (CCRABL) regarding the removal of the requirement that a certified public accountant attest to a restaurant class alcoholic beverage licensee's ratio report as part of the license renewal process. Instead, the owner would be allowed to submit a sworn statement regarding the ratio of food and liquor sales.

Prepared by Jessica Cowles, Legislative and Policy Analyst, Office of Law at JCCowles@annapolis.gov or (410) 263-1184.

FISCAL IMPACT NOTE

Legislation No: 0-27-12

First Reader Date:

7-23-12

Note Date:

9-14-12

Legislation Title: Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for Restaurants Renewing Their Alcoholic Beverage Licenses.

Description:

For the purpose of removing the requirement that a certified public accountant attest to the ratio reports that restaurant class alcoholic beverage licensees must provide when renewing their licenses and instead allowing the owner to provide a sworn statement regarding the ratio of food and liquor sales.

Analysis of Fiscal Impact:

This legislation produces no direct fiscal impact; however, the legislation eliminates the impartial third party's independent attestation.



City of Annapolis City Council
Standing Committee Referral Action Report

Date: 10/15/12

To: Jessica Cowles,
City of Annapolis Office of Law,
Legislative and Policy Analyst

The Economic Matters Committee has reviewed 0-27-12 and has taken the following action:

Favorable

Favorable with amendments

Unfavorable

No Action

Other

Comments:

Roll Call Vote:

Ald. Paone, Chair yes

Ald. Finlayson yes

Ald. Pfeiffer N/A

Meeting Date _____ Signature of Chair _____



City of Annapolis City Council
Committee & Commission Referral Action Report

DATE: December 5, 2012

TO: Alcoholic Beverage Control Board Chair

FROM: Theresa R. Bucalo, CMC
Deputy City Clerk

ISSUE BEFORE THE BOARD: O-27-12 and O-36-12 copies attached

The Alcoholic Beverage Control Board has reviewed O-27-12 and O-36-12 and has taken the following action:

Favorable

Favorable with amendments

Unfavorable

No Action

Other

Comments: see attached

Meeting Date: December 5, 2012

Signature of Chair _____

*****Please return to the City Clerk's Office when complete. Thank you for your assistance with this matter.

**Alcoholic Beverage Control Board
December 5, 2012**

O-27-12 - Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for Restaurants Renewing their Alcoholic Beverage Licenses.

Member Miller moved a favorable recommendation of Ordinance O-27-12, Removing the Requirement that a Certified Public Accountant Attest to Ratio Reports for Restaurants Renewing their Alcoholic Beverage License, *with the condition that the sworn statement language be added to line 4, page 2 of the legislation.* Seconded. CARRIED on voice vote.

**CITY COUNCIL OF THE
City of Annapolis**

Ordinance No. O-39-12

Introduced By: Mayor Cohen

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
10/22/12	11/05/22 To be considered jointly with R-47-12.		1/13/13
Referred to	Referral Date	Meeting Date	Action Taken
Environmental Matters	10/22/12	11/15/12	
Finance	10/22/12	11/20/12	
Financial Advisory Commission	10/22/12		

AN ORDINANCE concerning

Issuance of Bonds - Water Treatment Plant

FOR the purpose of authorizing and empowering the City of Annapolis (the “City”) to fund the design, construction, renovation and equipping of a water treatment plant through the issuance and sale, upon its full faith and credit, of general obligation bonds or notes in an aggregate principal amount not to exceed Thirty-Five Million Dollars (\$35,000,000), pursuant to Sections 31 through 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume), as amended, and Article VII, Section 11 of the Charter of the City, as amended; prescribing the form and tenor of said bonds or notes; determining the method of sale of said bonds or notes and other matters relating to the issuance and sale thereof; providing for the disbursement of the proceeds of said bonds and notes; providing that said bonds and notes may be issued in connection with a loan from the Maryland Water Quality Financing Administration; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on said bonds and notes; and generally providing for and determining various matters relating to the issuance, sale and delivery of all said bonds and notes.

RECITALS

For convenience of reference, the City of Annapolis, a municipal body corporate and politic of the State of Maryland, is hereinafter sometimes referred to as the “City” or as “Annapolis”.

1 The authority for the powers herein exercised is contained in Article VII, Section 11 of
2 the Charter of the City (the “Charter”) and in Sections 31 through 39, inclusive, of Article 23A of
3 the Annotated Code of Maryland (2011 Replacement Volume), as amended, such authority
4 being hereinafter sometimes referred to collectively as the “Enabling Act”.

5 The Enabling Act authorizes and empowers the City to borrow money for any proper
6 public purpose and to evidence such borrowing by the issuance and sale of its general
7 obligation bonds and other obligations in accordance with the procedure prescribed by the
8 Enabling Act, subject to the limitation imposed by the Charter that no bonds shall be issued by
9 the City if, by the issuance thereof, the total bonded indebtedness of the City incurred, less the
10 amount of sinking funds established for the retirement thereof, would then exceed ten per
11 centum (10%) of the assessed value of all real and personal property in the City taxable for
12 municipal purposes.

13 The Charter further provides that, in computing compliance with such limitation,
14 outstanding bonds or other indebtedness of the City issued pursuant to the authority of any
15 public local law enacted by the General Assembly of Maryland prior to January 1, 1955, or
16 pursuant to the authority of any public general law of the State of Maryland, other than the
17 Enabling Act, together with tax anticipation notes issued pursuant to the Enabling Act, revenue
18 bonds payable as to principal and interest solely from the revenues from revenue-producing
19 projects, and short-term obligations issued pursuant to certain sections of the Charter, shall not
20 be taken into account.

21 Pursuant to the Charter, the City Council of the City (the “City Council”) may in its
22 discretion hold a referendum on any such bond issue or may be required to do so as a result of
23 a proper petition of registered voters filed for the purpose after the giving of notice to the City as
24 prescribed in the Charter.

25 The City proposes to spend the proceeds of the bonds and notes authorized pursuant to
26 this Ordinance to (i) fund the costs of a water treatment plant of the City (project number:
27 724/71001), subject to the provisions of this Ordinance and (ii) pay the costs of issuing such
28 bonds and notes.

29 The Charter contains no limitations upon the rate at which *ad valorem* taxes may be
30 levied by the City for the payment of the principal of and interest on said indebtedness.

31 Since the adoption of Article XI-E as an amendment of the Constitution of Maryland, the
32 General Assembly of Maryland has passed no law proposing a limitation upon the rate at which
33 taxes may be levied by the City or a limitation upon the amount of bonded indebtedness which
34 may be incurred by the City different from that set forth in the Charter.

1 **NOW, THEREFORE, BE IT ESTABLISHED AND ORDAINED BY THE CITY**
2 **COUNCIL, that:**

3 SECTION 1. All terms used herein which are defined in the Recitals hereof shall have
4 the meanings given such terms therein.

5 SECTION 2. It is in the best interest of the City to borrow money and incur indebtedness
6 and the City is authorized and empowered to issue and sell, upon its full faith and credit, its
7 general obligation, fully registered bonds and notes (such bonds and notes collectively referred
8 to herein as the "Bonds") in an aggregate principal amount not to exceed Thirty-Five Million
9 Dollars (\$35,000,000) to be known by such designation as deemed appropriate by the Mayor of
10 Annapolis (the "Mayor") and the City Manager of Annapolis (the "City Manager") for the
11 purposes of funding the costs of a water treatment plant (project number: 724/71001) (the
12 "Project") and the costs of issuing such Bonds, including, without limitation, the establishment of
13 reserves.

14 The costs of the Project shall include (without limitation) the costs of the planning,
15 construction, reconstruction, demolition, improvement, refurbishing, renovation, restoration,
16 extension, alteration, installation, repair, acquisition, conversion and modernization of
17 structures; the acquisition of structures and sites for structures; the acquisition of rights of way
18 for roads; architectural and engineering services, including preparation of plans, drawings and
19 specifications; development and restoration of grounds; and all customary and necessary
20 furnishings and fixed permanent equipment for structures.

21 SECTION 3. The City hereby covenants that any Bonds issued hereunder shall comply
22 with all limitations of the Charter and that as determined as provided by the Charter, no Bonds
23 shall be issued by the City if, by the issuance thereof, the total bonded indebtedness of the City
24 incurred, less the amount of sinking funds established for the retirement thereof, would then
25 exceed ten per centum (10%) of the assessed value of all real and personal property in the City
26 taxable for municipal purposes.

27 SECTION 4. The Bonds authorized by this Ordinance shall be dated the date of their
28 delivery, shall be fully registered bonds without coupons in the denomination of Five Thousand
29 Dollars (\$5,000) each or any integral multiple thereof (or such other denomination deemed
30 appropriate by the Mayor) and shall bear interest at the fixed or variable interest rate or rates
31 determined at the time of the awarding of the Bonds in accordance with an executive order of
32 the Mayor and the provisions of this Ordinance as hereinafter provided. Interest on the Bonds
33 shall be payable on the dates and in the years as may be determined by the Mayor in an
34 executive order. The Bonds shall mature, subject to the option of prior redemption, in annual

1 installments, including any mandatory sinking fund installments, in the years as shall be
2 determined by the Mayor pursuant to an executive order; provided however, that the final
3 maturity of the Bonds shall not exceed 30 years from the date of delivery of the Bonds. Each
4 Bond shall bear interest from the interest payment date next preceding the date on which it is
5 authenticated, unless authenticated upon an interest payment date, in which event it shall bear
6 interest from such interest payment date, or unless authenticated prior to the first interest
7 payment date, in which event it shall bear interest from the date of the Bonds; provided,
8 however, that if at the time of authentication of any bond interest is in default, such bond shall
9 bear interest from the date to which interest has been paid.

10 SECTION 5. Certain of the Bonds may be subject to redemption prior to maturity as
11 may be determined by the Mayor in an executive order. With respect to the Bonds subject to
12 redemption, if any, the redemption dates and the redemption prices shall be specified in an
13 executive order by the Mayor.

14 The Bonds shall be redeemed only in integral multiples of \$5,000 (or such other
15 denomination authorized by the Mayor). If less than all of the Bonds of any one maturity are
16 called for redemption, the particular bonds to be redeemed from such maturity shall be selected
17 by lot by the bond registrar for the Bonds (the "Bond Registrar") in such manner as the Bond
18 Registrar in its sole discretion may determine or under the procedures for book-entry bonds if
19 the Bonds are under a book-entry system.

20 When less than all of a Bond in a denomination in excess of \$5,000 shall be so
21 redeemed, then upon the surrender of such Bond, there shall be issued to the registered owner
22 thereof, without charges, for the unredeemed balance of the principal amount of such Bond, at
23 the option of such owner, Bonds in any of the authorized denominations, the aggregate face
24 amount of such Bonds not to exceed the unredeemed balance of the Bond so surrendered, and
25 to bear the same interest rate and to mature on the same date as said unredeemed balance.

26 If the City elects to redeem all or a portion of the Bonds outstanding, it shall give a
27 redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for
28 redemption to each registered owner appearing on the books kept by the Bond Registrar.
29 Notwithstanding the foregoing, so long as all of the Bonds are registered in the name of Cede &
30 Co., as nominee for the Depository Trust Company, New York, New York ("DTC"), such notice
31 shall be given by a secure means (e.g. legible facsimile transmission, registered or certified mail
32 or overnight express delivery) in a timely manner designed to assure that such notice is in DTC
33 possession no later than the close of business on such 30th day; provided, however, that the
34 failure to mail the redemption notice or any defect in the notice so mailed or in the mailing

1 thereof shall not affect the validity of the redemption proceedings. The redemption notice shall
2 state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities
3 and numbers of the Bonds to be redeemed, (ii) the date fixed for redemption and the
4 redemption price or prices, (iii) that the Bonds to be redeemed shall be presented for
5 redemption at the office of the Bond Registrar and (iv) that interest on the Bonds called for
6 redemption shall cease to accrue on the date fixed for redemption.

7 From and after the date fixed for redemption, if notice has been duly and properly given
8 and if funds sufficient for the payment of the redemption price of the Bonds called for
9 redemption plus accrued interest due thereon are available on such date, the Bonds so called
10 for redemption shall become due and payable at the redemption price or prices provided for
11 redemption of such Bonds on such date, interest on the Bonds shall cease to accrue and the
12 registered owners of the Bonds so called for redemption shall have no rights in respect thereof
13 except to receive payment of the redemption price plus accrued interest to the date fixed for
14 redemption. Upon presentation and surrender of a Bond called for redemption in compliance
15 with the redemption notice, the Bond Registrar shall pay the redemption price of such bond plus
16 accrued interest thereon to the date fixed for redemption. If bonds so called for redemption are
17 not paid upon presentation and surrender as described above, such bonds shall continue to
18 bear interest at the rates stated therein until paid.

19 SECTION 6. The Bonds shall be executed in the name of the City and on its behalf by
20 the Mayor. Such signature of the Mayor shall be imprinted on such Bonds by manual or
21 facsimile and a facsimile of the corporate seal of Annapolis shall also be imprinted thereon,
22 attested by the manual or facsimile signature of the City Clerk of Annapolis, all in accordance
23 with and pursuant to the authority of the Maryland Uniform Facsimile Signature of Public
24 Officials Act, being Sections 2-301 through 2-306 of the State Finance and Procurement Article
25 of the Annotated Code of Maryland.

26 In the event any official whose signature shall appear on such Bonds shall cease to be
27 such official prior to the delivery of the Bonds, or in the event any such official whose signature
28 shall appear on the Bonds shall have become such after the date of issue thereof, the Bonds
29 shall nevertheless be valid and legally binding obligations of Annapolis in accordance with their
30 terms.

31 All Bonds shall be issued as fully registered bonds without coupons and shall be
32 registered in the name or names of the owner or owners thereof on books kept for such purpose
33 at the principal office of the Bond Registrar. The Bonds may be issued in book-entry form
34 without any physical distribution of certificates made to the public. DTC may act as securities

1 depository for the Bonds and the Bonds may be registered in the name of DTC's partnership
2 nominee, Cede & Co. The City reserves the right to terminate maintenance of the Bonds in a
3 book-entry only system and to issue fully certificated bonds. The Mayor or his designee is
4 hereby authorized to appoint a financial institution to act as the Bond Registrar and as paying
5 agent (the "Paying Agent") for the Bonds, unless the Mayor determines after consulting with the
6 financial advisor to the City (the "Financial Adviser") that the City shall act as the Bond Registrar
7 or the Paying Agent or both. Payment of the principal of and interest on the Bonds shall be
8 made to the person appearing on the registration books maintained by the Bond Registrar as
9 the registered owner thereof, such principal to be payable at the principal office of the Paying
10 Agent upon presentation and surrender of such bonds as the same become due and payable,
11 and such interest to be payable by check mailed by the Paying Agent to the persons in whose
12 names the bonds are registered on the regular record date which shall be the fifteenth day of
13 the month immediately preceding each regular interest payment date, or such other day
14 specified in the bond (the "Regular Record Date"), at the registered owner's address as shown
15 on the registration books maintained by the Bond Registrar.

16 SECTION 7. Any interest on any Bond which is payable but is not punctually paid or
17 provision for the payment of which has not been made ("Defaulted Interest") shall forthwith
18 cease to be payable to the registered owner on the relevant Regular Record Date solely by
19 virtue of such registered owner having been such registered owner; and such Defaulted Interest
20 may be paid by the City, at its election in each case, as provided in paragraph (1) or (2) below:

21 (1) The City may elect to make payment of any Defaulted Interest on the Bonds to
22 the persons in whose names such Bond is registered at the close of business on a record date
23 for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in
24 the following manner. The City shall notify the Paying Agent in writing of the amount of
25 Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment
26 (which date shall be such as will enable the Paying Agent to comply with the next sentence
27 hereof), and at the same time the City shall deposit or cause to be deposited with the Paying
28 Agent an amount of money equal to the aggregate amount proposed to be paid in respect of
29 such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such
30 deposit prior to the date of the proposed payment, such money when deposited to be held in
31 trust for the benefit of the persons entitled to such Defaulted Interest as provided in this
32 paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of
33 such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days
34 prior to the date of the proposed payment after the receipt by the Paying Agent of the notice of

1 the proposed payment. The Paying Agent shall promptly notify the City of such Special Record
2 Date and, in the name of the City, shall cause notice of the proposed payment of such Defaulted
3 Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each
4 registered owner at his address as it appears in the registration books maintained by the Bond
5 Registrar not less than ten (10) days prior to such Special Record Date. The Paying Agent
6 may, in its discretion, in the name of the City, cause a similar notice to be published at least
7 once in a newspaper of general circulation in Annapolis, Maryland but such publication shall not
8 be a condition precedent to the establishment of such Special Record Date. Notice of the
9 proposed payment of such Defaulted Interest and the Special Record Date therefor having been
10 mailed as aforesaid, such Defaulted Interest shall be paid to the registered owners of the Bonds
11 as of the close of business on such Special Record Date.

12 (2) The City may make payment of any Defaulted Interest in any other lawful manner
13 not inconsistent with the requirements of any securities exchange on which the Bonds may be
14 listed, and upon such notice as may be required by such exchange, if, after notice given by the
15 City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment
16 shall be deemed practicable, and approved in writing, by the Paying Agent.

17 Except as provided hereinafter or in ordinances of the Mayor and Aldermen of the City of
18 Annapolis adopted prior to the issuance and delivery of the Bonds, all Bonds shall be
19 substantially in the following form, with appropriate insertions as therein indicated and such
20 other modifications as shall be approved by the Mayor, which form and all of the covenants
21 therein contained are hereby adopted by Annapolis as and for the form of obligation to be
22 incurred by Annapolis, and said covenants and conditions are hereby made binding upon
23 Annapolis, including the promise to pay therein contained:

1 No. R-_____
2 \$ _____
3

4 (Form of Bond)
5

6
7 UNITED STATES OF AMERICA
8 STATE OF MARYLAND
9 CITY OF ANNAPOLIS, MARYLAND

10
11 GENERAL OBLIGATION BOND

12
13 _____ BOND
14 2012 SERIES

15
16 Interest Rate Per Annum Maturity Date Date of Original Issue CUSIP

17
18 REGISTERED OWNER:

19
20 PRINCIPAL AMOUNT DOLLARS

21
22 CITY OF ANNAPOLIS (the "City"), a municipal corporation created and existing under the laws
23 of the State of Maryland, hereby acknowledges itself indebted, and, for value received,
24 promises to pay to the Registered Owner shown above or registered assigns or legal
25 representatives on the Maturity Date shown above (unless this bond shall be redeemable, shall
26 have been called for prior redemption and payment of the redemption price made or provided
27 for), the Principal Amount shown above or so much thereof as shall not have been paid upon
28 prior redemption in any coin or currency which, at the time of payment, is legal tender for the
29 payment of public and private debts upon presentation and surrender of this bond on the date
30 such principal is payable or if such date is not a Business Day (hereinafter defined) then on the
31 next succeeding Business Day at the principal office of the Paying Agent, and to pay to the
32 registered owner hereof by check or draft, mailed to such registered owner at his address as it
33 appears on said registration books (the "Bond Register") maintained by the Bond Registrar
34 interest on said principal amount at the Interest Rate shown above until payment of such
35 principal amount, or until the prior redemption hereof, such interest being payable [semi-
36 annually] on the first days of _____ and _____ in each year, in like coin or
37 currency to the registered owner in whose name this bond is registered on the Bond Register as
38 of the close of business on the regular record date, which shall be the fifteenth day of the month
39 immediately preceding each regular interest payment date (the "Regular Record Date"). Any
40 such interest not so punctually paid or duly provided for shall forthwith cease to be payable to
41 the registered owner on the Regular Record Date, and may be paid to the person in whose
42 name this bond is registered at the close of business on a date fixed by the Paying Agent for
43 such defaulted interest payment (the "Special Record Date"), notice of which is given to the
44 registered owner hereof not less than ten (10) days prior to such Special Record Date, or may
45 be paid at any time in any other lawful manner not inconsistent with the requirement of any
46 securities exchange on which the bonds of this series may be listed and upon such notice as
47 may be required by such exchange.
48

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

1
2 This bond shall not be valid or become obligatory for any purpose, until this bond shall have
3 been authenticated by an authorized officer of the Bond Registrar.
4

5 This bond is one of a duly authorized issue of general obligation bonds of the City aggregating
6 _____ Dollars (\$_____) in principal amount, which are in
7 denominations of \$5,000 or any integral multiple thereof, mature serially in installments on the
8 first day of _____ in each of the years 20_ to 20_, inclusive, and bear interest per annum
9 as follows:

10
11 Year of Principal Interest Year of Principal Interest
12 Maturity Amount Rate Maturity Amount Rate
13
14
15
16
17
18

19 The bonds are numbered from one consecutively upwards prefixed by the letter "R" and are of
20 like tenor and effect except as to maturity, number, interest rate, denomination and redemption
21 provisions, and are issued pursuant to and in full conformity with the provisions of Sections 31
22 to 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume),
23 as amended, and Article VII, Section 11 of the Annapolis City Charter, and by virtue of due
24 proceedings had and taken by the Mayor and Aldermen of the City of Annapolis particularly an
25 Ordinance adopted on the _____ day of _____, 2012 (approved _____ 2012)
26 (the "Ordinance").
27

28 The bonds which mature on or before _____ 1, 202__ are not subject to redemption prior to
29 their maturities. The bonds which mature on or after _____ 1, 202__ are subject to
30 redemption prior to their maturities on or after _____ 1, 202__ at the option of the City either
31 as a whole or in part at any time, in any order of maturities, at a redemption price expressed as
32 a percentage of the principal amount of the bonds to be redeemed, set forth in the table below,
33 together with interest accrued to the date fixed for redemption:
34

35 Redemption Period (both dates inclusive) Redemption Price
36
37
38

39 If less than all of the bonds of any one maturity of this issue shall be called for redemption, the
40 bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its
41 discretion, it shall determine.
42

43 When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then,
44 upon the surrender of such bond, there shall be issued to the registered owner thereof, without
45 charge, for the unredeemed balance of the principal amount of such bond, at the option of such
46 owner, bonds in any of the authorized denominations, the aggregate face amount of such bonds
47 not to exceed the unredeemed balance of the bond so surrendered, and to bear the same
48 interest rate and to mature on the same date as said unredeemed balance.
49

50 If the City elects to redeem all or a portion of the bonds outstanding, it shall give a redemption
51 notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption

1 to each registered owner appearing on the books kept by the Bond Registrar. Notwithstanding
2 the foregoing, so long as all of the Bonds are registered in the name of Cede & Co., as nominee
3 for the Depository Trust Company, New York, New York ("DTC"), such notice shall be given by
4 a secure means (e.g. legible facsimile transmission, registered or certified mail or overnight
5 express delivery) in a timely manner designed to assure that such notice is in DTC possession
6 no later than the close of business on such 30th day; provided, however, that the failure to mail
7 the redemption notice or any defect in the notice so mailed or in the mailing thereof shall not
8 affect the validity of the redemption proceedings. The redemption notice shall state (i) whether
9 the bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of
10 the bonds to be redeemed, (ii) the date fixed for redemption and the redemption price or prices,
11 (iii) that the bonds to be redeemed shall be presented for redemption at the office of the Bond
12 Registrar and (iv) that interest on the bonds called for redemption shall cease to accrue on the
13 date fixed for redemption.

14
15 From and after the date fixed for redemption, if notice has been duly and properly given and if
16 funds sufficient for the payment of the redemption price of the bonds called for redemption plus
17 accrued interest due thereon are available on such date, the bonds so called for redemption
18 shall become due and payable at the redemption price or prices provided for redemption of such
19 bonds on such date interest on the bonds shall cease to accrue and the registered owners of
20 the bonds so called for redemption shall have no rights in respect thereof except to receive
21 payment of the redemption price plus accrued interest to the date fixed for redemption. Upon
22 presentation and surrender of a bond called for redemption in compliance with the redemption
23 notice, the Bond Registrar shall pay the redemption price of such Bond plus accrued interest
24 thereon to the date fixed for redemption. If bonds so called for redemption are not paid upon
25 presentation and surrender as described above, such bonds shall continue to bear interest at
26 the rates stated therein until paid.

27
28 This bond is transferable only upon the registration books kept at the principal office of the Bond
29 Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing,
30 upon surrender hereof together with a written instrument of transfer in the form attached hereto
31 and satisfactory to the Bond Registrar duly executed by the registered owner or his duly
32 authorized attorney, and thereupon, within a reasonable time, the City shall issue in the name of
33 the transferee a new registered bond or bonds of any authorized denominations in aggregate
34 principal amount equal to the principal amount of this bond or the unredeemed portion hereof,
35 and maturing on the same date and bearing interest at the same rate. Said new bond or bonds
36 shall be delivered to the transferee only after payment of any tax or governmental charge
37 required to be paid with respect to and any shipping expenses or insurance relating to, such
38 transfer and only after due authentication thereof by an authorized officer of the Bond Registrar.
39 The City shall not be required to issue, transfer or exchange any bond during the period
40 beginning fifteen days before any selection of bonds to be redeemed and ending on the day of
41 publication and mailing of the notice of redemption or to transfer or exchange any bond called or
42 being called for redemption in whole or in part. The City may deem and treat the person in
43 whose name this bond is registered as the absolute owner hereof for the purpose of receiving
44 payment of or on account of the principal or redemption price hereof and interest due hereon
45 and for all other purposes.

46
47 The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to
48 the prompt payment of the principal of and interest on this bond according to its terms, and the
49 City does hereby covenant and agree to pay the principal of this bond and the interest thereon,
50 at the dates and in the manner mentioned herein, according to the true intent and meaning
51 hereof.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter and the Ordinance 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 issue of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes or Charter, and that due provision has been made for the levy and collection of an *ad valorem* tax or taxes upon all legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Mayor of the City, which signature has been imprinted hereon, a facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk as of the first day of _____, 2012.

ATTEST: CITY OF ANNAPOLIS

City Clerk By: _____
Mayor

CERTIFICATION OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds of the City of Annapolis.

[Authorized Officer of Bond Registrar]

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

1
2 SECTION 8. All of the Bonds authorized by this Ordinance may be sold by solicitation of
3 competitive sealed proposals at public sale in accordance with the provisions of the following
4 Notice of Sale at the principal office of the City, on such date as may be selected by the Mayor
5 pursuant to an executive order for cash at no less than par, to the bidder therefor whose bid is
6 deemed to be for the best interests of Annapolis. Bids shall be received as provided in the
7 Notice of Sale. The Bonds authorized by this Ordinance may also be sold, if the Mayor
8 determines that it would be in the best interest of the City, at private (negotiated) sale without
9 advertisement, publication, notice of sale, or solicitation of competitive bids. The Mayor shall
10 award the sale of the Bonds by executive order.

11 Unless a referendum petition shall be filed as provided hereinafter or the Bonds are sold
12 at private (negotiated) sale, the City Clerk of Annapolis is authorized and directed to publish a
13 notice of sale at least twice in a daily or weekly newspaper having general circulation in
14 Annapolis. The publication of such notice of sale shall be made once at least ten days prior to
15 the date of sale. The City Clerk may give such other notice of the sale of such Bonds, within or
16 without this State, by publication or otherwise, as the Mayor may deem appropriate.

17 The Director of Finance of Annapolis (the "Finance Director") is hereby authorized and
18 directed to make all necessary arrangements for the tabulation and comparison of the proposals
19 received, including the employment of specially qualified personnel, if necessary, so that he will
20 be able promptly to advise the Mayor as to the proposal which produces the lowest true interest
21 cost for the Bonds sold.

22 The Mayor, City Manager and Finance Director are hereby authorized to prepare and
23 distribute a preliminary official statement and final official statement in connection with the sale
24 of the Bonds.

25 The Notice of Sale if used for the issue of Bonds authorized by this Ordinance shall be in
26 the form hereinafter set forth, with the insertions therein indicated. The terms and conditions
27 stated in such Notice of Sale are hereby adopted and approved as the terms and conditions
28 under which and the manner in which such Bonds shall be sold, issued and delivered at public
29 sale, subject to such insertions, alterations, additions or deletions as the Mayor may deem
30 advisable due to financial or market conditions prevailing at the time based upon the advice of
31 the Financial Advisor.

1
2 **NOTICE OF SALE**

3
4 \$ _____
5 **CITY OF ANNAPOLIS, MARYLAND**
6 **General Obligation Bonds**
7 _____, **2012 Series**
8

9 Electronic bids via the BiDCOMP/Parity Competitive Bidding System (“PARITY”) will be
10 received until 11:00 a.m., prevailing Eastern time, on _____, 2012 (unless postponed as
11 described herein) by City of Annapolis (the “City”) for the City’s General Obligation Bonds,
12 _____, 2012 Series (the “Bonds”).
13

14 **Terms of the Bonds**

15 The Bonds shall be dated the date of their delivery.

16 Interest on the Bonds is payable on _____, 2012 and semi-annually thereafter on
17 _____ 1 and _____ 1 until maturity. The Bonds will mature on _____ in the following
18 respective years and principal amounts:
19
20
21
22

<u>Maturing</u> <u>1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturing</u> <u>1*</u>	<u>Principal</u> <u>Amount*</u>
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	

23
24 _____
25 *Preliminary, subject to change. See “Adjustments of Principal Amounts.”
26

27 The proceeds of the Bonds will be used to finance the costs of certain public projects of
28 the City and pay the costs of issuing the Bonds. The Bonds will be fully registered bonds without
29 coupons in the denomination of \$5,000 each or any integral multiple thereof.
30

31 **Authority**

32
33 The Bonds are issued pursuant to Sections 31 through 39, inclusive, of Article 23A of the
34 Annotated Code of Maryland (2011 Replacement Volume) and Article VII, Section 11 of the
35 Charter of the City of Annapolis, as amended. The Bonds are authorized pursuant to Ordinance
36 O-____-12.
37

1 The Bonds are general obligations of the City, and will constitute an irrevocable pledge
2 of its full faith and credit and unlimited taxing power.

3
4 **Book-Entry System**

5
6 One bond representing each maturity of the Bonds will be issued to and registered in the
7 name of Cede & Co., as nominee of The Depository Trust Company, New York, New York
8 (“DTC”), as registered owner of the Bonds and each such bond shall be held in the custody of
9 DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in
10 book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.
11 Purchasers will not receive physical delivery of certificates representing their interest in the
12 Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required
13 to deposit the bond certificates representing each maturity with DTC.

14
15 Interest on the Bonds will be payable when due and the principal or redemption price of
16 the Bonds will be payable at maturity or upon earlier redemption to DTC or its nominee as
17 registered owner of the Bonds. Transfer of principal and interest payments to beneficial owners of
18 the Bonds by participants of DTC (“Participants”) will be the responsibility of Participants and other
19 nominees of beneficial owners. The City will not be responsible or liable for such transfers of
20 payments or for maintaining, supervising or reviewing the records maintained by DTC,
21 Participants or persons acting through Participants.

22
23 **Optional Redemption**

24
25 Bonds maturing on or before _____, 2012 are not subject to redemption prior to
26 their stated maturities. Bonds maturing on or after _____, 2012 are subject to
27 redemption prior to their maturities at the option of the City on or after _____, 2012 either
28 as a whole or in part at any time in any order of maturity at the option of the City, at par plus
29 accrued interest thereon to the date fixed for redemption.

30
31 **Adjustments of Principal Amounts**

32
33 The preliminary aggregate principal amount of the Bonds and the preliminary principal
34 amount of each annual payment on the Bonds as set forth in this Notice of Sale (the
35 “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amount”, and
36 collectively the “Preliminary Amounts”) may be revised before the receipt and opening of the
37 bids for their purchase. Such revisions may include the addition or deletion of maturities of the
38 Bonds. **ANY SUCH REVISIONS** made prior to the opening of the bids (the “Revised Aggregate
39 Principal Amount” and the “Revised Annual Principal Amount”, and collectively the “Revised
40 Amounts”) **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR (“TM3”)**
41 **(www.tm3.com) NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON**
42 **THE ANNOUNCED DATE FOR RECEIPT OF BIDS FOR THE BONDS.**

43
44 In the event that no such revisions are made, the Preliminary Amounts will constitute the
45 Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised
46 Amounts will be used to compare bids and select a winning bidder.

47
48 Such Revised Amounts, among other things, will be used by the City to calculate the final
49 aggregate principal amount of the Bonds and the final principal amount of each annual payment
50 on the Bonds (the “Final Aggregate Principal Amount” and the “Final Principal Amount” of each
51 annual payment, respectively, and collectively, the “Final Amounts”). In determining the Final

1 Amounts the City reserves the right to increase or decrease the aggregate amount of the Bonds
2 by an amount not to exceed twelve percent (12%) and correspondingly adjust the issue size, with
3 all calculations to be rounded to the nearest \$5,000.
4

5 In the event of any such adjustment, no rebidding or recalculation of the bid submitted will
6 be required or permitted. If necessary, the total purchase price of the Bonds will be increased or
7 decreased in direct proportion to the ratio that the adjustment bears to the aggregate principal
8 amount of the Bonds specified herein; and the Bonds of each maturity, as adjusted, will bear
9 interest at the same rate and must have the same initial reoffering yields as specified in the bid of
10 the successful bidder. However, the award will be made to the bidder whose bid produces the
11 lowest true interest cost, calculated as specified in the section entitled "Basis of Award" herein.
12 THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST
13 RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE
14 TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. IN READJUSTING THE PRINCIPAL
15 AMOUNT OF THE BONDS FOLLOWING THE AWARD, THE CITY WILL HOLD CONSTANT
16 THE BIDDER'S GROSS SPREAD PER \$1,000 BONDS AS INDICATED IN THE ORIGINAL BID.
17 In this process, however, the City reserves the right to adjust the actual dollar amount of Bidder's
18 gross spread resulting from an upward or downward adjustment of the principal amount of the
19 Bonds.

Change of Bid Date and Closing Date

20 The City reserves the right to postpone, from time to time, the date established for the
21 receipt of bids and will undertake to notify registered prospective bidders via notification published
22 on [TM3](#).
23

24 A postponement of the bid date will be announced via TM3 not later than 4:00 p.m.,
25 prevailing Eastern Time, on the last business day prior to any announced date for receipt of bids,
26 and an alternative sale date and time will be announced via TM3 at that time or at a later date.
27

28 On any such alternative date and time for receipt of bids, the City will accept electronic
29 bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this
30 Notice of Sale, except for the changes in the date and time for receipt of bids and any other
31 changes announced via TM3.
32

33 The City reserves the right to change the scheduled delivery date for the Bonds.
34

Bid Parameters

35
36
37 No bid of less than 100% of par or more than ___% on an "all-or-none" basis, no oral bid and no
38 bid for less than all of the Bonds described in this Notice of Sale, will be considered. The Bonds
39 are expected to be awarded by approximately 4:00 p.m., prevailing Eastern Time, on _____
40 ___, 2012. All proposals shall remain firm until the time of award.
41

42 Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%,
43 and the highest rate may not exceed the lowest rate by more than ___% and no interest rate
44 may exceed ___%. A zero rate may not be named. No Bond shall bear more than one rate of
45 interest which rate shall be uniform for the life of the Bond.
46

1 **Basis of Award**
2

3 The Mayor of the City will not accept and will reject any bid for less than all of the Bonds.
4 The City will award all of the Bonds to one bidder. The City reserves the right to reject any and
5 all bids and to waive any irregularities in any of the bids. The judgment of the City shall be final
6 and binding upon all bidders with respect to the form and adequacy of any proposal received
7 and as to its conformity with the terms of this Notice of Sale.
8

9 The Bonds will be awarded to the bidder naming the lowest true interest cost (TIC) for
10 the Bonds in any legally acceptable proposal and offering to pay not less than par. The lowest
11 true interest cost with respect to the Bonds will be determined by doubling the semiannual
12 interest rate, compounded semiannually, necessary to discount the debt service payments from
13 the payment dates to the date of the Bonds and to the amount bid.
14

15 Where the proposals of two or more bidders result in the same lowest true interest cost
16 for any Bonds, such Bonds may be apportioned between such bidders, but if this shall not be
17 acceptable, the City shall have the right to award all of such Bonds to one bidder. There will be
18 no auction. The right is reserved to the City to reject any or all proposals and to waive any
19 irregularity or informality in any proposal. The City's judgment shall be final and binding upon all
20 bidders with respect to the form and adequacy of any proposal received and as to its conformity
21 to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 p.m.,
22 prevailing Eastern Time, on the sale date. All bids remain firm until an award is made. Upon
23 notice of such award, the winning bidder shall advise the City of the initial reoffering prices to
24 the public of each maturity of the Bonds and the names of the members of the underwriting
25 groups.
26

27 **Procedures for Electronic Bidding**
28

29 ***Bidders to Submit Bids by PARITY***
30

31 Bids must be submitted electronically via PARITY pursuant to this Notice of Sale until
32 11:00 a.m., prevailing Eastern time, on the sale date but no bid will be received after the time for
33 receiving bids specified above. To the extent any instructions or directions set forth in PARITY
34 conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further
35 information about PARITY, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd
36 Floor, New York, New York 10018, telephone (212) 849-5021.
37

38 ***Disclaimer***
39

40 Each prospective electronic bidder shall be solely responsible to submit its bid via
41 PARITY as described above. Each prospective electronic bidder shall be solely responsible to
42 make necessary arrangements to access PARITY for the purpose of submitting its bid in a
43 timely manner and in compliance with the requirements of this Notice of Sale. Neither the City
44 nor PARITY shall have any duty or obligation to provide or assure access to PARITY to any
45 prospective bidder, and neither the City nor PARITY shall be responsible for proper operation
46 of, or have any liability for any delays or interruptions of, or any damages caused by PARITY.
47 The City is using PARITY as a communication mechanism, and not as the City's agent, to
48 conduct the electronic bidding for the Bonds. The City is not bound by any advice and
49 determination of PARITY to the effect that any particular bid complies with the terms of this
50 Notice of Sale and in particular the "Bid Parameters" set forth herein. All costs and expenses
51 incurred by prospective bidders in connection with their submission of bids via PARITY are the

1 sole responsibility of the bidders; the City is not responsible, directly or indirectly, for any of such
2 costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or
3 withdrawing a bid for the Bonds, such bidder should telephone i-Deal LLC at (212) 849-5021
4 and notify Davenport & Company LLC by facsimile at (866) 932-6660.

5
6 ***Electronic Bidding Procedures***
7

8 Electronic bids must be submitted for the purchase of the Bonds (all or none) via
9 PARITY. Bids will be communicated electronically to the City at 11:00 a.m., prevailing Eastern
10 time, on _____, 2012. Prior to that time, a prospective bidder may (1) submit the
11 proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event
12 the proposed terms as last modified will (unless the bid is withdrawn as described herein)
13 constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are
14 communicated electronically via PARITY to the City, each bid will constitute an irrevocable offer
15 to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding
16 process, the time as maintained on PARITY shall constitute the official time.
17

18 ***Good Faith Deposit***
19

20 A good faith deposit in the amount of \$_____ is required of the winning
21 bidder for the Bonds. The winning bidder for the Bonds is required to submit such good faith
22 deposit payable to the order of the City in the form of a wire transfer in federal funds as
23 instructed by the City's Financial Advisor, Davenport & Company LLC or a financial surety bond.
24 The winning bidder shall submit the good faith deposit not more than two hours after verbal
25 award is made. The winning bidder should provide as quickly as it is available, evidence of wire
26 transfer by providing the City the federal funds reference number. If the winning bidder fails to
27 comply with the good faith deposit requirement as described herein, that bidder is nonetheless
28 obligated to pay to the City the sum of \$_____ as liquidated damages due to the failure
29 of the winning bidder to timely deposit the good faith deposit.
30

31 A bidder may submit a financial surety bond from an insurance company acceptable to
32 the City, the claims paying ability of which is rated AAA by Standard & Poor's, a Division of the
33 McGraw-Hill Companies, Inc., or Aaa by Moody's Investors Service, Inc. and licensed to issue
34 such a bond in the State of Maryland and such surety bond must be submitted to the Director of
35 Finance of the City prior to 11:00 a.m., prevailing Eastern Time, on the date of sale. The financial
36 surety bond must identify each bidder whose good faith deposit is guaranteed by such financial
37 surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the
38 successful bidder is required to submit its good faith deposit to the Director of Finance of the City
39 not later than 12:00 noon, prevailing Eastern Time, on the next business day following the award
40 either in the form of a wire transfer as described above in accordance with the City's instructions
41 to such successful bidder. If such good faith deposit is not received by that time, the financial
42 surety bond may be drawn by the City to satisfy the good faith deposit requirement.
43

44 ***Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance***
45 ***of the terms of the good faith deposit requirement.***
46

47 The good faith deposit will be retained by the City until the delivery of the Bonds, at which
48 time the good faith deposit will be applied against the purchase price of the Bonds or the good
49 faith deposit will be retained by the City as partial liquidated damages in the event of the failure of
50 the successful bidder to take up and pay for such Bonds in compliance with the terms of this
51 Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the City. The

1 balance of the purchase price must be wired in federal funds to the account detailed in the
2 closing memorandum, simultaneously with delivery of the Bonds.

3
4 **Approving Legal Opinion**

5
6 The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland,
7 Bond Counsel, will be furnished to the purchasers without cost. There will also be furnished the
8 usual closing papers and, in addition, a certificate signed by appropriate officers of the City,
9 certifying that there is no litigation pending or, to the knowledge of the signers of such
10 certificate, threatened affecting the validity of the Bonds and that on the date of the Official
11 Statement mentioned below and at the time of delivery of the Bonds the statements and
12 information contained in such Official Statement which are made and provided by the City are
13 and will be true, correct and complete in all material respects and the Official Statement does
14 not and will not omit any statement or information which is required to be stated therein or
15 necessary to make the statements and information therein, in the light of the circumstances
16 under which they were made, not misleading or incomplete in any material respect.

17
18 **Preliminary Official Statement; Continuing Disclosure**

19
20 The City has deemed the Preliminary Official Statement with respect to the Bonds dated
21 _____ (the "Preliminary Official Statement") to be final as of its date for purposes of
22 Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), except for
23 the omission of certain information permitted to be omitted by said Rule. The City agrees to
24 deliver to the successful bidder for its receipt no later than seven business days after the date of
25 sale of the Bonds such quantities of the final official statement as the successful bidder shall
26 request; provided, that the City shall deliver up to 300 copies of such official statement without
27 charge to the successful bidder.

28
29 The City has made certain covenants for the benefit of the holders from time to time of
30 the Bonds to provide certain continuing disclosure, in order to assist bidders for the Bonds in
31 complying with Rule 15c2-12(b)(5) of the SEC. Such covenants are described in the
32 Preliminary Official Statement.

33
34 **Delivery**

35
36 The Bonds will be delivered on or about _____, 2012 (unless a notice of a change
37 in the delivery date is provided) through the facilities of DTC in New York, New York, against
38 payment therefor in federal or other immediately available funds.

39 **Reoffering Price Certificate**

40 SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE
41 SUCCESSFUL BIDDER SHALL FURNISH TO THE CITY A CERTIFICATE ACCEPTABLE TO
42 BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A
43 BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL
44 REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE
45 SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF
46 EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES,
47 BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING
48 PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS
49 SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER

1 INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH
2 OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL
3 SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate
4 must be made on the best knowledge, information and belief of the successful bidder, (ii) the
5 sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial
6 reoffering prices would be sufficient to certify as of the sale of a substantial amount of the bonds
7 and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond
8 Counsel to assure compliance with the statutory requirement to avoid the establishment of an
9 artificial price for the Bonds.

10
11 **Miscellaneous**

12
13 It is expected that CUSIP numbers will be printed on the Bonds. However, the validity,
14 sale, delivery or acceptance of the Bonds will not be affected in any manner by any failure to
15 print, or any error in printing, the CUSIP numbers on said Bonds, or any of them.

16
17 The right to reject any or all bids, or to waive any irregularity or informality in any bid, is
18 reserved.

19
20
21
22 CITY OF ANNAPOLIS, MARYLAND

23
24
25 By: /s/ _____
26 Mayor

27
28 By: /s/ _____
29 Director of Finance
30
31

1
2 SECTION 9. If any Bonds are sold pursuant to the foregoing Notice of Sale, the award
3 shall be made by order of the Mayor. Such action of the Mayor shall also fix the interest rate or
4 rates payable on the Bonds in accordance with the accepted proposal. The Mayor shall also be
5 authorized to make all changes necessary to the form of the Bond to comply with a book-entry
6 only system. The Bonds shall thereupon be signed as hereinabove provided and delivered to
7 the successful bidder upon payment of the balance of the purchase price thereof. The proceeds
8 of the Bonds shall be paid to the Finance Director. Upon approval of the appropriate vouchers,
9 in accordance with the established procedure of the City, the Finance Director shall pay, from
10 the proceeds of the Bonds in his hands, all expenses incurred in the issuance of the Bonds,
11 including costs of advertising, printing, document reproduction and counsel fees and expenses.
12 The balance of said proceeds shall be credited by the Finance Director to the several accounts
13 on his books for the Projects described above and the Finance Director shall make
14 disbursements for such Projects in accordance with the established procedure of Annapolis.
15 Prior to expenditure of such proceeds, the same or any part thereof shall be invested by the
16 Finance Director, with the approval of the Mayor, in any authorized investment of the City. If the
17 funds derived from the sale of the Bonds shall exceed the amount needed to finance the Project
18 described in this Ordinance, or if the City Council determines that the public interest requires a
19 change in the capital improvements program of Annapolis, the funds so borrowed and not
20 expended for the public improvements provided by this Ordinance shall be set apart in a
21 separate fund by the Finance Director and applied in payment of the debt service on the Bonds,
22 unless the City Council shall adopt an ordinance allocating such funds to some other public
23 capital improvement project or projects of Annapolis.

24 SECTION 10. The City is hereby authorized to borrow money and incur indebtedness
25 authorized to be borrowed and incurred hereinunder in the form of Bonds by obtaining a loan (a
26 "Water Quality Loan") from the Maryland Water Quality Financing Administration (the "Water
27 Quality Administration") pursuant to and in accordance with Sections 9-1601 to 9-1622,
28 inclusive, of the Environment Article of the Annotated Code of Maryland (2007 Replacement
29 Volume and 2012 Supplement) (the "Water Quality Act"). Any such Water Quality Loan shall be
30 evidenced by a loan agreement (a "Water Quality Loan Agreement") between the City and the
31 Water Quality Administration and a bond or note issued by the City (the Water Quality Loan
32 Agreement and such bond or note being referred to herein as a "Water Quality Obligation").

33 It is acknowledged that the proceeds of any Water Quality Loan will be used for the
34 public purposes of funding the costs of the Project and any related costs, including costs of the

1 Water Quality Administration and the funding of reserves, to the extent permitted by the Water
2 Quality Act.

3 Subject to and in accordance with the provisions of this Ordinance, the Mayor shall
4 determine by order, for each and every Water Quality Obligation, all matters relating thereto,
5 including (without limitation) the purposes for which such Water Quality Obligation is issued, the
6 prepayment provisions, if any, thereof, the manner of authentication of such Water Quality
7 Obligation, if any, the date from which interest on such Water Quality Obligation shall accrue,
8 the rate or rates of interest borne by such Water Quality Obligation or the method of determining
9 the same, the interest payment and maturity dates thereof and the provisions for the registration
10 of Water Quality Obligations.

11 The Mayor is hereby authorized to determine the form of Water Quality Obligations and
12 the execution and delivery thereof shall be conclusive evidence of the approval of the form of
13 such Water Quality Obligations on behalf of the City. Water Quality Obligations shall be
14 executed by the Mayor by manual or facsimile signature, and a facsimile of the corporate seal of
15 Annapolis shall also be imprinted thereon, attested by the manual or facsimile signature of the
16 City Clerk of Annapolis, all in accordance with and pursuant to the authority of the Maryland
17 Uniform Facsimile Signature of Public Officials Act, being Sections 2-301 through 2-306 of the
18 State Finance and Procurement Article of the Annotated Code of Maryland

19 Water Quality Obligations may be sold for a price at or above par, plus accrued interest
20 to the date of delivery through a private (negotiated) sale, without solicitation of competitive bids
21 and such sale is hereby determined to be in the best interests of the City.

22 Notwithstanding any other provision in this Ordinance, Water Quality Obligations shall
23 mature not later than the earlier of 30 years after the date of their execution and delivery or the
24 maximum maturity permitted under the Water Quality Act.

25 Any Water Quality Obligation shall be secured as provided in Section 11 of this
26 Ordinance.

27 SECTION 11. In order to provide for the payment of the principal of and interest on the
28 Bonds hereby authorized when due, there shall be appropriated in the next ensuing fiscal year
29 of Annapolis and in each fiscal year thereafter, so long as any of the Bonds are outstanding and
30 unpaid, or until sufficient funds had been accumulated and irrevocably set aside for the purpose,
31 an amount sufficient to meet the debt service on the Bonds coming due in such fiscal year and
32 there shall be levied ad valorem taxes upon all property within the corporate limits of the City
33 subject to assessment for full City taxes, in rate and amount sufficient in each such year to fund
34 such appropriations and to provide for the payment when due of the principal of and interest on

1 all Bonds maturing in each such fiscal year. In the event the proceeds from the taxes so levied
2 in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be
3 levied in the subsequent fiscal year to make up any deficiency. Thereafter, prior to each interest
4 payment date, the Finance Director shall deposit with the Paying Agent, from the tax proceeds
5 above described, the amounts needed to pay the principal of and interest on the Bonds coming
6 due on each such interest payment date. All moneys so deposited with the Paying Agent shall
7 be deemed and treated by the Paying Agent as trust funds for the use and benefit of the holders
8 from time to time of the Bonds hereby authorized. Any such trust funds so held by the Paying
9 Agent for the payment of particular Bonds for periods of more than two years from the dates of
10 such Bonds, upon the expiration of any such two-year period and the failure of the holders of
11 said Bonds to present the same for payment within such period, shall be returned by the Paying
12 Agent to the City and, therefor, the holders of any such Bonds shall have claims only against the
13 City for payment of the obligations held by them and the Paying Agent shall be relieved of the
14 trust hereby imposed.

15 To assure the performance by the City of the provisions of this Section, the full faith and
16 credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to
17 maturity of the principal of and interest on the Bonds hereby authorized as and when the same
18 respectively mature and become payable and to the levy and collection of the taxes
19 hereinabove described as and when such taxes may become necessary in order to provide
20 sufficient funds to meet the debt service requirements of the Bonds hereby authorized to be
21 issued. This pledge is made hereby for the benefit of the holders, from time to time, of the
22 Bonds hereby authorized.

23 The City hereby solemnly covenants and agrees with each holder of any of the Bonds
24 hereby authorized to levy and collect the taxes hereinabove described and to take any other
25 action that may be appropriate from time to time during the period that any of such Bonds
26 remain outstanding and unpaid to provide the funds necessary to make principal and interest
27 payments thereon when due.

28 The City may apply any funds received by it to the payment of principal of and interest
29 on the Bonds if such funds are provided for the purpose of obtaining, operating or maintaining
30 water treatment facilities, and to the extent that any such funds received or receivable in any
31 fiscal year are applied to such purposes as provided herein, the taxes hereby required to be
32 levied shall be reduced proportionately.

1 SECTION 12. This Ordinance and the question of the issuance of Bonds hereunder
2 shall not be submitted to a referendum of the registered voters of Annapolis, as permitted by
3 law, unless, within ten days after the passage of this Ordinance, there shall be served upon the
4 Mayor a notice signed by not fewer than 200 of the registered voters of Annapolis, advising that
5 a petition for a referendum on the issuance of said bonds is being circulated by one or more of
6 the persons signing said notice and unless, within 20 days after the delivery of such notice,
7 there shall also be filed with the Mayor a petition or petitions requesting the holding of such a
8 referendum, properly signed as required by the Charter, by not fewer than 25% of the registered
9 voters of Annapolis, as shown by the registered voters books of Annapolis, maintained by the
10 Board of Supervisors of Elections of the City (the "Board of Supervisors"). In view of the
11 foregoing, no action shall be taken by Annapolis pursuant to this Ordinance for a period of ten
12 days following its passage. If, within such ten day period, the notice above described is filed as
13 aforesaid, then no action shall be taken by Annapolis pursuant to this Ordinance for a period of
14 20 days following the filing of such notice. If, within such 20 day period, a petition for
15 referendum, as above-described, shall be filed as aforesaid, then no action shall be taken by
16 Annapolis under this Ordinance unless and until the Mayor shall receive written advice from the
17 City Attorney and the Board of Supervisors that such referendum petition does not meet the
18 requirements of the Charter or unless and until the referendum requested in such petition shall
19 be duly held in accordance with law and the Board of Supervisors shall certify to Annapolis that,
20 in the election at which such referendum is held, a majority of the registered voters of Annapolis
21 voting on the question referred duly cast their ballots in favor of the issuance of the Bonds
22 hereby authorized. If this Ordinance shall be ratified or approved on any such referendum, then
23 the Mayor and City Clerk may proceed with the issuance of the Bonds hereby authorized,
24 without further action by Annapolis.

25 SECTION 13. That CUSIP numbers may be printed on the Bonds; provided, however,
26 that the printing of CUSIP numbers on the Bonds (even if incorrect) shall have no legal effect
27 and shall not in any way affect the enforceability or validity of any Bond. Any expenses in
28 relation to the printing of CUSIP numbers on the Bonds, including any CUSIP Service Bureau
29 charge for the assignment of such numbers, in the discretion of the Finance Director, may be
30 paid for by the City from the proceeds of the Bonds.

31 SECTION 14. In addition to the insertions and variations prescribed by this Ordinance,
32 the Mayor is hereby authorized to make such further modifications in such forms. In connection
33 with the issuance of any Bonds pursuant to this Ordinance, the City is hereby authorized to
34 enter into one or more agreements as the Mayor shall deem necessary or appropriate for the

1 issuance, sale, delivery or security of such Bonds, which may include (without limitation) (i)
2 underwriting, purchase or placement agreements for Bonds sold at private (negotiated) sale in
3 accordance with the provisions of this Ordinance; (ii) trust agreements with commercial banks or
4 trust companies providing for the issuance and security of such Bonds; (iii) any dealer,
5 remarketing or similar agreements providing for the placement or remarketing of such Bonds;
6 (iv) agreements providing for any credit or liquidity facilities supporting any Bonds; (v)
7 agreements with commercial banks or trust companies providing for the deposit of proceeds of
8 any Bonds; (vi) agreements with fiscal agents providing for the issuance of Bonds and their
9 authentication and registration; and (vii) continuing disclosure agreements, including any such
10 agreements required to enable the underwriters of any Bonds to meet the requirements of
11 paragraph (b)(5) of Rule 15c2-12 promulgated by the United States Securities and Exchange
12 Commission. Each such agreement shall be in such form as shall be determined by the Mayor
13 by executive order. The execution and delivery of each such agreement by the Mayor shall be
14 conclusive evidence of the approval of the form of such agreement on behalf of the City.

15 SECTION 15. The Mayor and the Finance Director shall be the officers of the City
16 responsible for the issuance of the Bonds within the meaning of the “Arbitrage Regulations”
17 (defined herein).

18 The Mayor and the Finance Director shall also be the officers of the City responsible for
19 the execution and delivery (on the date of issuance of the Bonds) of a certificate of the City (the
20 “Tax and Section 148 Certificate”) which complies with the requirements of Section 148 of the
21 Internal Revenue Code of 1986, as amended (“Section 148”), and the applicable regulations
22 thereunder (the “Arbitrage Regulations”), and such officials are hereby authorized and directed
23 to execute the Tax and Section 148 Certificate and to deliver the same to Bond Counsel on the
24 date of the issuance of the Bonds.

25 The City shall set forth in the Tax and Section 148 Certificate its reasonable
26 expectations as to relevant facts, estimates and circumstances relating to the use of the
27 proceeds of the Bonds, or of any moneys, securities or other obligations to the credit of any
28 account of the City which may be deemed to be proceeds of the Bonds pursuant to Section 148
29 or the Arbitrage Regulations (collectively, “Bond Proceeds”). The City covenants with each of
30 the holders of any of the Bonds that the facts, estimates and circumstances set forth in the Tax
31 and Section 148 Certificate will be based on the City’s reasonable expectations on the date of
32 issuance of the Bonds and will be, to the best of the certifying officials’ knowledge, true and
33 correct as of that date.

1 In the event that Bonds are issued pursuant to this Ordinance with the expectation that
2 interest on such Bonds will be excludable from gross income for federal income tax purposes,
3 the City covenants with each of the registered owners of any of the Bonds that it will not make,
4 or (to the extent that it exercises control or direction) permit to be made, any use of the Bond
5 Proceeds which would cause the Bonds to be “arbitrage bonds” within the meaning of Section
6 148 and the Arbitrage Regulations. The City further solemnly covenants that it will comply with
7 Section 148 and the regulations thereunder which are applicable to the Bonds on the date of
8 issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds
9 as long as the Bonds remain outstanding and unpaid. The Mayor, the City Manager, and the
10 Finance Director are hereby authorized and directed to prepare or cause to be prepared and to
11 execute any certification, opinion or other document, including, without limitation, the Tax and
12 Section 148 Certificate, which may be required to assure that the Bonds will not be deemed to
13 be “arbitrage bonds” within the meaning of Section 148 and the regulations thereunder.

14 The City further covenants with each of the registered owners of any of the Bonds (i) that
15 it will not take any action or (to the extent that it exercises control or direction) permit any action
16 to be taken that would cause the Bonds or a portion of the Bonds to be “federally guaranteed”
17 within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended, and
18 (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made,
19 any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds
20 or a portion of the Bonds to be “private activity bonds” within the meaning of Section 141 of the
21 Internal Revenue Code of 1986, as amended.

22 In the event that the Bonds are being issued hereunder with the expectation that interest
23 on such Bonds will be excludable from gross income for federal income tax purposes, the Mayor
24 may make such covenants or agreements in connection with the issuance of such Bonds as he
25 shall deem advisable in order to assure the registered owners of such Bonds that interest
26 thereon shall be and remain excludable from gross income for federal income tax purposes and
27 such covenants or agreements shall be binding on the City so long as the observance by the
28 City of any such covenants or agreements is necessary in connection with the maintenance of
29 the exclusion of the interest on such Bonds from gross income for federal income tax purposes.
30 The foregoing covenants or agreements may include such covenants or agreements on behalf
31 of the City regarding compliance with the provisions of the Internal Revenue Code of 1986, as
32 amended, as the Mayor shall deem advisable in order to assure the registered owners of the
33 Bonds that the interest thereon is and shall remain excludable from gross income for federal
34 income tax purposes, including (without limitation) covenants or agreements relating to the

1 investment of Bond Proceeds, the payment of certain earnings resulting from such investment
2 to the United States, limitations on the times within which, and the purposes for which, Bond
3 Proceeds may be expended, or the use of specified procedures for accounting for and
4 segregating Bond Proceeds. Any covenant or agreement made by the Mayor pursuant to this
5 paragraph may be set forth in or authorized by the Tax and Section 148 Certificate or an order
6 executed by the Mayor.

7 SECTION 16. This Ordinance shall take effect from the date of its approval by the
8 Mayor, on or following the date of its final adoption and, thereafter, within not more than three
9 calendar days of such approval, notice of the adoption of this Ordinance shall be duly given by
10 publication of the title hereof at least once in "The Capital," or another newspaper published and
11 of general circulation in the City.

12 **ADOPTED** this _____ day of _____, 2012.
13
14

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY _____

Regina C. Watkins-Eldridge, MMC, City Clerk

Joshua J. Cohen, Mayor

15
16
17
18
19

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.
[brackets] indicate matter stricken from existing law.
Underlining indicates amendments.

Fiscal Impact Note
Ordinance O – 39 -12, Issuance of Bonds
and
Resolution R – 47 -12, Revision to Capital Improvement Budget

Overview:

The aforementioned ordinance and resolution are companion legislative actions. The revised capital budget in R-47-12 reflects the borrowing needs in O-39-12.

Purpose:

The purpose of the companion legislation is to assure that the borrowing legislation agrees with and equals to the capital plan. Subsequent to the adoption of the FY 2012 Capital Improvement Plan, Public Works was successful in revising the capitalization cost of the Water Treatment Plant downward. Accordingly, the Capital Plan needs to be revised to reflect the new cost estimates and borrowing needs associated with the project.

Resolution R – 47- 12:

This resolution seeks to revise the appropriation and funding schedule for the construction of the Water Treatment Plant. The schedule below outlines the changes. Essentially, the revised capital improvement budget decreases the expenditures and funding requirements by \$15,500,000. Even more to the City’s favor is the MDE Loan amount, which has a very favorable interest rate, increased \$7 million, while the local GO bond requirement decreases \$22.5 million.

	Total - FY 2012	Total - FY 2013, Revised	Change
Appropriations			
Construction - Design / Build Owners Rep	2,060,000	1,500,000	560,000
Project Management	300,000	250,000	50,000
Financing, Accounting and Legal Fees	90,000	91,000	(1,000)
City Administration	997,000	160,000	837,000
Construction Costs	47,300,000	32,000,000	15,300,000
Contingencies		1,276,000	(1,276,000)
Total Expenditures	50,747,000	35,277,000	15,470,000
-			
Funding Sources			
Bond Funds	27,747,000	5,277,000	22,470,000
Operating Funds	-	-	-
MDE Loan	21,500,000	28,500,000	(7,000,000)
MDE Grant	1,500,000	1,500,000	-
Other			-
Total Revenues	50,747,000	35,277,000	15,470,000
	-	-	-

As outlined above, the City received a \$1.5 million green grant which will provide funding for green technology in the water treatment facility. As this is a grant, there is no repayment associated with this source of funding. The remaining funding sources; the City General Obligation and the MDE Loan, are addressed below in Ordinance O – 39 -12.

Ordinance O - 39 – 12:

This ordinance seeks a total of \$35 million in borrowing authorization, \$28.5 million from the State of Maryland revolving loan fund and a maximum of \$6.5 million in City general obligation bonds. However, the City expects that only \$5.3 million will be required for funding purposes while the difference will be available for underwriting expenditures and/or bond premiums.

Both the MDE and general obligation bond are expected to have a 30 year term with semi annual payments. The City expects to realize a total 1.3% fixed interest rate for the MDE loan, 1% interest plus a .03% administrative fee. The MDE rate will not be finalized until closing since the rate is based on market conditions. For calculation purposes, the City’s GO bond was calculated using a 4% tax exempt rate.

The below schedule provides an overview of the amortization and annual debt service for each loan and the combined impact. It should be noted that this impact is factored into the existing water enterprise fund service rates.

	MDE Loan	City GO Bond	Total
Bond Amount	28,500,000	6,500,000	35,000,000
Number of Payments	60	60	60
Amortization Method	Level Principal	Level Principal	Level Principal
Year 1 Payment	1,317,412	474,500	1,791,912
Year 30 Payment	959,263	223,167	1,182,430
Average Payment	1,138,338	348,833	1,487,171

Attached are detailed amortization schedules for both the MDE Loan and the City General Obligation Bond. This information is preliminary and is subject to change- it is being provided for informational purposes only.



City of Annapolis City Council
Standing Committee Referral Action Report

Date: 11/20/12

To: Jessica Cowles,
City of Annapolis Office of Law,
Legislative and Policy Analyst

The Finance Committee has reviewed 0-39-12 and has taken the following action:

Favorable

Favorable with amendments

Unfavorable

No Action

Other

Comments:

Roll Call Vote:

Ald. Israel, Chair N/A

Ald. Arnett yes

Ald. Finlayson yes

Meeting Date 11 Dec 2011

Signature of Chair Cass H. Arnett



City of Annapolis
Financial Advisory Commission
Referral Action Report

Date: November 19, 2012

To: Jessica Cowles,
City of Annapolis Office of Law,
Legislative and Policy Analyst

The Financial Advisory Commission has reviewed O-39-12 and R-47-12 and has taken the following action:

Favorable

Favorable with amendments

Unfavorable

No Action

Other

Comments:

The Financial Advisory Commission was not provided with background materials or a briefing regarding the water plant construction project or the proposed bond issue and, therefore, had insufficient information upon which to base a recommendation for or against these two legislative proposals.

Meeting Date: 11/15/12

Signature of Chair



MARYLAND DEPARTMENT OF THE ENVIRONMENT

1800 Washington Boulevard • Baltimore MD 21230

410-537-3000 • 1-800-633-6101 • www.mde.state.md.us

Martin O'Malley
Governor

Robert M. Summers, Ph.D.
Secretary

Anthony G. Brown
Lieutenant Governor

June 29, 2012

Mr. David Jarrell
Director of Public Works
City of Annapolis
145 Gorman Street, 2nd Floor
Annapolis MD 21401



RE: Annapolis Water Treatment Plant Upgrade
2012 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP)
DWSRF Estimated Loan Amount: \$9,199,450
Estimated Green Loan Amount: \$4,756,000
*Estimated Green Principal Forgiveness Amount: \$1,500,000

Dear Mr. Jarrell:

In addition to the \$16,699,713 DWSRF 2011 base loan commitment, the above project has been identified for funding in the Federal Fiscal Year 2012 DWSRF IUP via funding from the Maryland Water Quality Financing Administration's (MWQFA) State Revolving Loan Fund (SRF) Program. In anticipation of EPA's approval in October 2012 of Maryland's funding lists, below are the SRF loan terms*:

INTEREST RATE (subject to change): The standard SRF interest rate is equal to 50% (rounded down) of the monthly average of the Bond Buyer 11-Bond Index (BB11-BI) for the month preceding the one in which the loan is closed. The interest rate for a Disadvantaged Community (DAC)** is currently 25% of the BB11-BI. Based upon recent BB11-BI averages, our offering rates have been ranging between 1.90% (standard) and 0.80% (DAC).

ADMINISTRATIVE FEE: The Administrative Fee is 5% (approximately 50 basis points) of the total debt service over the term of the loan, paid in equal annual installments over the life of the loan.

LOAN TERMS: 20 years or less. The DWSRF allows for 30-year terms for qualified DAC borrowers.

DECLARATION OF OFFICIAL INTENT TO REIMBURSE (Applies to Governmental Borrowers Only): Local governments funding projects through the SRF Program in an amount greater than \$400,000 must declare a notice of "Official Intent to Reimburse" prior to making project expenditures that are to be reimbursed with proceeds of tax-exempt debt and will require loan recipients to retain a bond counsel. The purpose of the Official Intent requirement is to provide confirmation of compliance with IRS requirements that, on or prior to the date of payment, the local government intended to reimburse itself with the SRF loan from MWQFA for costs that are associated with the project and which are eligible for reimbursement (with

* Loan terms for Principal forgiveness transactions differ from the above loan terms. Additionally, Principal Forgiveness loans are a portion of total SRF financing and require the applicant to take the balance as low interest rate loan.

** See attached Programmatic Requirements



Mr. David Jarrell
June 29, 2012

limited exception for certain preliminary expenditures i.e. planning & design). **Failure to timely declare Official Intent may deem some costs ineligible for tax-exempt SRF loan funds.**

FINANCIAL, TECHNICAL AND MANAGERIAL CAPACITY – The Federal Safe Drinking Water Act requires all projects for DWSRF loans to be evaluated prior to loan execution for financial, managerial and technical capacity (i.e. Capacity Development).

Enclosed is additional information regarding the programmatic requirements for SRF loan funding that must be addressed prior to loan execution. **Of particular note is the inclusion of required Davis Bacon Wage rates for construction contracts (certain non-point source projects exempted).**

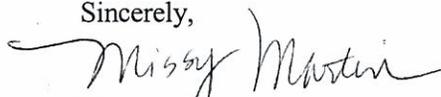
Recipients and their prime contractors and consultants must apply the Good Faith Efforts when procuring contracts in construction, services (technical and business), supplies and equipment. Failure to comply with DBE program requirements may make costs ineligible for SRF loan participation. The information and forms are also on our website at www.mde.state.md.us/wqfa. For additional assistance, contact Ms. Darlene Mitchell, Administrator, DBE Utilization, at ddmitchell@mde.state.md.us or at 410-537-3146.

Please note the demand for SRF loan funding is extremely high, and as such, projects identified for funding that do not proceed to construction by December 2013 may be bypassed/deleted from the current funding list. The applicants will be notified of this action, and will have an opportunity to reapply for future financial assistance.

Please do not hesitate to contact Ms. Teresa Ernest, SRF Coordinator at 410-537-3243 or via email at ternest@mde.state.md.us regarding this letter, the attached programmatic information or the funding process. Also, should you wish to see a draft repayment schedule, contact Ms. Ernest. We look forward to working with you throughout the loan origination process.

Note: Please notify us as soon as possible if your interest in utilizing the above-referenced SRF allocations has changed.

Sincerely,



Marycarole "Missy" Martin, Chief
State Revolving Fund Division
Water Quality Financing Administration

Enclosure: Programmatic Requirements

Cc: Thora Burkhardt w/enclosure
The Honorable Joshua Cohen w/enclosure
Teresa Ernest
Debi Fulmer
Jag Khuman
Mehdi Majedi/Rajiv Chawla
Matthew Marshall
Darlene Mitchell

STATE REVOLVING FUND (SRF)
PROGRAMMATIC REQUIREMENTS
FOR LOANS AND/OR PRINCIPAL FORGIVENESS LOANS

DECLARATION OF OFFICIAL INTENT TO REIMBURSE (for non-Principal Forgiveness Loan Transactions and Governmental Borrowers Only) - This is an IRS regulation. Applicants, who intend to reimburse project expenditures from tax-exempt bond proceeds, including a tax-exempt loan from the Water Quality Financing Administration (WQFA), are required to declare Official Intent to reimburse. This should be done prior to making expenditures that are to be reimbursed with proceeds of tax-exempt debt (with limited exception for certain preliminary expenditures). Expenditures that are going to be reimbursed through the SRF tax-exempt loan must fit within the tax code regulations for reimbursement. Tax-exempt loan recipient's efforts should be coordinated with their Bond Counsel to ensure that the current IRS definition of debt issuance is met. For SRF tax-exempt loans, this applies to loan amounts greater than \$400,000. Loan amounts less than \$400,000 will be in the form of a "taxable" bond.

BOND COUNSEL/LEGAL REPRESENTATION – For loans exceeding \$400,000, borrowers are required to utilize a Bond Counsel.

FINAL PLANS AND SPECS – Plans and specifications must be reviewed and approved by MDE **prior to bidding**. Additionally, at the time of MDE's plans and specifications review, a determination will be made regarding green-related components eligible for SRF grant/loan participation, if applicable.

BIDDING:

-MDE Insert: "Requirements and Contract Provisions...", referred to as the "MDE Insert" **must be included with bid packages**. The MDE Insert outlines certain contractor responsibilities (e.g., Minority & Women Business participation, project sign, etc.) Contact MDE's Project Manager for the proper MDE Insert.

-Davis Bacon Wage Rates: Effective October 2009, Davis Bacon Wage Rates are required for all SRF-funded Drinking Water and Clean Water (with the exception of non-point source projects) construction contracts. These provisions are included in the MDE Insert.

-Disadvantaged Business Enterprise (DBE) -EPA regulations require that SRF recipients and sub-recipients (i.e. loan recipients, prime contractors, consultants) make a Good Faith Effort to award a fair share of work to qualified small, minority and women's businesses. This requirement includes procurements in the categories of **construction, A/E and other services, equipment, and supplies**. Affirmative steps must be demonstrated and documented. These provisions are included in the MDE Insert. Questions regarding the SRF DBE program should be directed to Ms. Darlene Mitchell, DBE Coordinator, at 410-537-3146. Information can also be found on MDE's website at www.mde.state.md.us/wqfa.

FINANCIAL, TECHNICAL AND MANAGERIAL CAPACITY (Applicable to Drinking Water Projects Only) – The Federal Safe Drinking Water Act requires all projects for DWSRF loans to be evaluated prior to loan execution for financial, managerial and technical capacity (i.e. Capacity Development).

WATER/SEWER PLANS – Water and Sewer projects being funded through the SRF must be consistent with the County Water and Sewer Plan. Projects must conform to Maryland Priority Places Executive Order and be located in a Priority Funding Area.

1
2
3
4
5
6
7
8 **Amendment in the Form of a Substitute**
O-39-12 – Issuance of Bonds – Water Treatment Plant
Sponsor: Mayor Cohen

9 **AN ORDINANCE** concerning

10 **Water Treatment Plant Issuance of Bonds – Financing**

11 **FOR** the purpose of authorizing and empowering the City of Annapolis (the “City”) to fund the
12 design, construction, renovation and equipping of a water treatment plant through the
13 issuance and sale, upon its full faith and credit, of general obligation bonds or notes in
14 an aggregate principal amount not to exceed Thirty-Five Million Dollars (\$35,000,000),
15 pursuant to Sections 31 through 39, inclusive, of Article 23A of the Annotated Code of
16 Maryland (2011 Replacement Volume and 2012 Supplement), as amended, and Article
17 VII, Section 11 of the Charter of the City, as amended; prescribing the form and tenor of
18 said bonds or notes; determining the method of sale of said bonds or notes and other
19 matters relating to the issuance and sale thereof; providing for the disbursement of the
20 proceeds of said bonds and notes; providing that said bonds and notes may be issued in
21 connection with ~~a loan~~ loans from the Maryland Water Quality Financing Administration;
22 covenanting to levy and collect all taxes necessary to provide for the payment of the
23 principal of and interest on said bonds and notes; and generally providing for and
24 determining various matters relating to the issuance, sale and delivery of all said bonds
25 and notes.

26 **RECITALS**

27
28 For convenience of reference, the City of Annapolis, a municipal body corporate and
29 politic of the State of Maryland, is hereinafter sometimes referred to as the “City” or as
30 “Annapolis”.

31 The authority for the powers herein exercised is contained in Article VII, Section 11 of
32 the Charter of the City (the “Charter”) and in Sections 31 through 39, inclusive, of Article 23A of
33 the Annotated Code of Maryland (2011 Replacement Volume and 2012 Supplement), as
34 amended, such authority being hereinafter sometimes referred to collectively as the “Enabling
35 Act”.

36 The Enabling Act authorizes and empowers the City to borrow money for any proper
37 public purpose and to evidence such borrowing by the issuance and sale of its general
38 obligation bonds and other obligations in accordance with the procedure prescribed by the
39 Enabling Act, subject to the limitation imposed by the Charter that no bonds shall be issued by
40 the City if, by the issuance thereof, the total bonded indebtedness of the City incurred, less the
41 amount of sinking funds established for the retirement thereof, would then exceed ten per

1 centum (10%) of the assessed value of all real and personal property in the City taxable for
2 municipal purposes.

3 The Charter further provides that, in computing compliance with such limitation,
4 outstanding bonds or other indebtedness of the City issued pursuant to the authority of any
5 public local law enacted by the General Assembly of Maryland prior to January 1, 1955, or
6 pursuant to the authority of any public general law of the State of Maryland, other than the
7 Enabling Act, together with tax anticipation notes issued pursuant to the Enabling Act, revenue
8 bonds payable as to principal and interest solely from the revenues from revenue-producing
9 projects, and short-term obligations issued pursuant to certain sections of the Charter, shall not
10 be taken into account.

11 Pursuant to the Charter, the City Council of the City (the "City Council") may in its
12 discretion hold a referendum on any such bond issue or may be required to do so as a result of
13 a proper petition of registered voters filed for the purpose after the giving of notice to the City as
14 prescribed in the Charter.

15 The City proposes to spend the proceeds of the bonds and notes authorized pursuant to
16 this Ordinance to (i) fund the costs of a water treatment plant of the City (project number:
17 724/71001), subject to the provisions of this Ordinance and (ii) pay the costs of issuing such
18 bonds and notes.

19 The Charter contains no limitations upon the rate at which *ad valorem* taxes may be
20 levied by the City for the payment of the principal of and interest on said indebtedness.

21 Since the adoption of Article XI-E as an amendment of the Constitution of Maryland, the
22 General Assembly of Maryland has passed no law proposing a limitation upon the rate at which
23 taxes may be levied by the City or a limitation upon the amount of bonded indebtedness which
24 may be incurred by the City different from that set forth in the Charter.

25 **NOW, THEREFORE, BE IT ESTABLISHED AND ORDAINED BY THE CITY**
26 **COUNCIL, that:**

27 SECTION 1. All terms used herein which are defined in the Recitals hereof shall have
28 the meanings given such terms therein.

29 SECTION 2. It is in the best interest of the City to borrow money and incur indebtedness
30 and the City is authorized and empowered to issue and sell, upon its full faith and credit, its
31 general obligation, fully registered bonds and notes (such bonds and notes collectively referred
32 to herein as the "Bonds") in an aggregate principal amount not to exceed Thirty-Five Million
33 Dollars (\$35,000,000) to be known by such designation as deemed appropriate by the Mayor of
34 Annapolis (the "Mayor") and the City Manager of Annapolis (the "City Manager") for the

1 purposes of funding the costs of the design, construction, renovation and equipping of a water
2 treatment plant (project number: 724/71001) (the "Project) including, without limitation, the
3 replacement of most major processes at the plant, including aeration, coagulation,
4 sedimentation, and filtration, and the costs of issuing such Bonds, including, without limitation,
5 the establishment of reserves.

6 The costs of the Project shall include (without limitation) the costs of the planning,
7 construction, reconstruction, demolition, improvement, refurbishing, renovation, restoration,
8 extension, alteration, installation, repair, acquisition, conversion and modernization of
9 structures; the acquisition of structures and sites for structures; the acquisition of rights of way
10 for roads; architectural and engineering services, including preparation of plans, drawings and
11 specifications; development and restoration of grounds; and all customary and necessary
12 furnishings and fixed permanent equipment for structures.

13 SECTION 3. The City hereby covenants that any Bonds issued hereunder shall comply
14 with all limitations of the Charter and that as determined as provided by the Charter, no Bonds
15 shall be issued by the City if, by the issuance thereof, the total bonded indebtedness of the City
16 incurred, less the amount of sinking funds established for the retirement thereof, would then
17 exceed ten per centum (10%) of the assessed value of all real and personal property in the City
18 taxable for municipal purposes.

19 SECTION 4. The Bonds authorized by this Ordinance shall be dated the date of their
20 delivery, shall be fully registered bonds without coupons in the denomination of Five Thousand
21 Dollars (\$5,000) each or any integral multiple thereof (or such other denomination deemed
22 appropriate by the Mayor) and shall bear interest at the fixed or variable interest rate or rates
23 determined at the time of the awarding of the Bonds in accordance with an executive order of
24 the Mayor and the provisions of this Ordinance as hereinafter provided. Interest on the Bonds
25 shall be payable on the dates and in the years as may be determined by the Mayor in an
26 executive order. The Bonds shall mature, subject to the option of prior redemption, in annual
27 installments, including any mandatory sinking fund installments, in the years as shall be
28 determined by the Mayor pursuant to an executive order; provided however, that the final
29 maturity of the Bonds shall not exceed 30 years from the date of delivery of the Bonds. Each
30 Bond shall bear interest from the interest payment date next preceding the date on which it is
31 authenticated, unless authenticated upon an interest payment date, in which event it shall bear
32 interest from such interest payment date, or unless authenticated prior to the first interest
33 payment date, in which event it shall bear interest from the date of the Bonds; provided,

1 however, that if at the time of authentication of any bond interest is in default, such bond shall
2 bear interest from the date to which interest has been paid.

3 SECTION 5. Certain of the Bonds may be subject to redemption prior to maturity as
4 may be determined by the Mayor in an executive order. With respect to the Bonds subject to
5 redemption, if any, the redemption dates and the redemption prices shall be specified in an
6 executive order by the Mayor.

7 The Bonds shall be redeemed only in integral multiples of \$5,000 (or such other
8 denomination authorized by the Mayor). If less than all of the Bonds of any one maturity are
9 called for redemption, the particular bonds to be redeemed from such maturity shall be selected
10 by lot by the bond registrar for the Bonds (the "Bond Registrar") in such manner as the Bond
11 Registrar in its sole discretion may determine or under the procedures for book-entry bonds if
12 the Bonds are under a book-entry system.

13 When less than all of a Bond in a denomination in excess of \$5,000 shall be so
14 redeemed, then upon the surrender of such Bond, there shall be issued to the registered owner
15 thereof, without charges, for the unredeemed balance of the principal amount of such Bond, at
16 the option of such owner, Bonds in any of the authorized denominations, the aggregate face
17 amount of such Bonds not to exceed the unredeemed balance of the Bond so surrendered, and
18 to bear the same interest rate and to mature on the same date as said unredeemed balance.

19 If the City elects to redeem all or a portion of the Bonds outstanding, it shall give a
20 redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for
21 redemption to each registered owner appearing on the books kept by the Bond Registrar.
22 Notwithstanding the foregoing, so long as all of the Bonds are registered in the name of Cede &
23 Co., as nominee for the Depository Trust Company, New York, New York ("DTC"), such notice
24 shall be given by a secure means (e.g. legible facsimile transmission, registered or certified mail
25 or overnight express delivery) in a timely manner designed to assure that such notice is in DTC
26 possession no later than the close of business on such 30th day; provided, however, that the
27 failure to mail the redemption notice or any defect in the notice so mailed or in the mailing
28 thereof shall not affect the validity of the redemption proceedings. The redemption notice shall
29 state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities
30 and numbers of the Bonds to be redeemed, (ii) the date fixed for redemption and the
31 redemption price or prices, (iii) that the Bonds to be redeemed shall be presented for
32 redemption at the office of the Bond Registrar and (iv) that interest on the Bonds called for
33 redemption shall cease to accrue on the date fixed for redemption.

1 From and after the date fixed for redemption, if notice has been duly and properly given
2 and if funds sufficient for the payment of the redemption price of the Bonds called for
3 redemption plus accrued interest due thereon are available on such date, the Bonds so called
4 for redemption shall become due and payable at the redemption price or prices provided for
5 redemption of such Bonds on such date, interest on the Bonds shall cease to accrue and the
6 registered owners of the Bonds so called for redemption shall have no rights in respect thereof
7 except to receive payment of the redemption price plus accrued interest to the date fixed for
8 redemption. Upon presentation and surrender of a Bond called for redemption in compliance
9 with the redemption notice, the Bond Registrar shall pay the redemption price of such bond plus
10 accrued interest thereon to the date fixed for redemption. If bonds so called for redemption are
11 not paid upon presentation and surrender as described above, such bonds shall continue to
12 bear interest at the rates stated therein until paid.

13 SECTION 6. The Bonds shall be executed in the name of the City and on its behalf by
14 the Mayor. Such signature of the Mayor shall be imprinted on such Bonds by manual or
15 facsimile and a facsimile of the corporate seal of Annapolis shall also be imprinted thereon,
16 attested by the manual or facsimile signature of the City Clerk of Annapolis, all in accordance
17 with and pursuant to the authority of the Maryland Uniform Facsimile Signature of Public
18 Officials Act, being Sections 2-301 through 2-306 of the State Finance and Procurement Article
19 of the Annotated Code of Maryland.

20 In the event any official whose signature shall appear on such Bonds shall cease to be
21 such official prior to the delivery of the Bonds, or in the event any such official whose signature
22 shall appear on the Bonds shall have become such after the date of issue thereof, the Bonds
23 shall nevertheless be valid and legally binding obligations of Annapolis in accordance with their
24 terms.

25 All Bonds shall be issued as fully registered bonds without coupons and shall be
26 registered in the name or names of the owner or owners thereof on books kept for such purpose
27 at the principal office of the Bond Registrar. The Bonds may be issued in book-entry form
28 without any physical distribution of certificates made to the public. DTC may act as securities
29 depository for the Bonds and the Bonds may be registered in the name of DTC's partnership
30 nominee, Cede & Co. The City reserves the right to terminate maintenance of the Bonds in a
31 book-entry only system and to issue fully certificated bonds. The Mayor or his designee is
32 hereby authorized to appoint a financial institution to act as the Bond Registrar and as paying
33 agent (the "Paying Agent") for the Bonds, unless the Mayor determines after consulting with the
34 financial advisor to the City (the "Financial Adviser") that the City shall act as the Bond Registrar

1 or the Paying Agent or both. Payment of the principal of and interest on the Bonds shall be
2 made to the person appearing on the registration books maintained by the Bond Registrar as
3 the registered owner thereof, such principal to be payable at the principal office of the Paying
4 Agent upon presentation and surrender of such bonds as the same become due and payable,
5 and such interest to be payable by check mailed by the Paying Agent to the persons in whose
6 names the bonds are registered on the regular record date which shall be the fifteenth day of
7 the month immediately preceding each regular interest payment date, or such other day
8 specified in the bond (the "Regular Record Date"), at the registered owner's address as shown
9 on the registration books maintained by the Bond Registrar.

10 SECTION 7. Any interest on any Bond which is payable but is not punctually paid or
11 provision for the payment of which has not been made ("Defaulted Interest") shall forthwith
12 cease to be payable to the registered owner on the relevant Regular Record Date solely by
13 virtue of such registered owner having been such registered owner; and such Defaulted Interest
14 may be paid by the City, at its election in each case, as provided in paragraph (1) or (2) below:

15 (1) The City may elect to make payment of any Defaulted Interest on the Bonds to
16 the persons in whose names such Bond is registered at the close of business on a record date
17 for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in
18 the following manner. The City shall notify the Paying Agent in writing of the amount of
19 Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment
20 (which date shall be such as will enable the Paying Agent to comply with the next sentence
21 hereof), and at the same time the City shall deposit or cause to be deposited with the Paying
22 Agent an amount of money equal to the aggregate amount proposed to be paid in respect of
23 such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such
24 deposit prior to the date of the proposed payment, such money when deposited to be held in
25 trust for the benefit of the persons entitled to such Defaulted Interest as provided in this
26 paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of
27 such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days
28 prior to the date of the proposed payment after the receipt by the Paying Agent of the notice of
29 the proposed payment. The Paying Agent shall promptly notify the City of such Special Record
30 Date and, in the name of the City, shall cause notice of the proposed payment of such Defaulted
31 Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each
32 registered owner at his address as it appears in the registration books maintained by the Bond
33 Registrar not less than ten (10) days prior to such Special Record Date. The Paying Agent
34 may, in its discretion, in the name of the City, cause a similar notice to be published at least

1 once in a newspaper of general circulation in Annapolis, Maryland but such publication shall not
2 be a condition precedent to the establishment of such Special Record Date. Notice of the
3 proposed payment of such Defaulted Interest and the Special Record Date therefor having been
4 mailed as aforesaid, such Defaulted Interest shall be paid to the registered owners of the Bonds
5 as of the close of business on such Special Record Date.

6 (2) The City may make payment of any Defaulted Interest in any other lawful manner
7 not inconsistent with the requirements of any securities exchange on which the Bonds may be
8 listed, and upon such notice as may be required by such exchange, if, after notice given by the
9 City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment
10 shall be deemed practicable, and approved in writing, by the Paying Agent.

11 Except as provided hereinafter or in ordinances of the Mayor and Aldermen of the City of
12 Annapolis adopted prior to the issuance and delivery of the Bonds, all Bonds shall be
13 substantially in the following form, with appropriate insertions as therein indicated and such
14 other modifications as shall be approved by the Mayor, which form and all of the covenants
15 therein contained are hereby adopted by Annapolis as and for the form of obligation to be
16 incurred by Annapolis, and said covenants and conditions are hereby made binding upon
17 Annapolis, including the promise to pay therein contained:

1 No. R-_____
2 \$ _____
3

4 (Form of Bond)
5

6
7 UNITED STATES OF AMERICA
8 STATE OF MARYLAND
9 CITY OF ANNAPOLIS, MARYLAND

10
11 GENERAL OBLIGATION BOND

12
13 _____ BOND
14 2012 SERIES

15
16 Interest Rate Per Annum Maturity Date Date of Original Issue CUSIP

17
18 REGISTERED OWNER:

19
20 PRINCIPAL AMOUNT DOLLARS

21
22 CITY OF ANNAPOLIS (the "City"), a municipal corporation created and existing under the laws
23 of the State of Maryland, hereby acknowledges itself indebted, and, for value received,
24 promises to pay to the Registered Owner shown above or registered assigns or legal
25 representatives on the Maturity Date shown above (unless this bond shall be redeemable, shall
26 have been called for prior redemption and payment of the redemption price made or provided
27 for), the Principal Amount shown above or so much thereof as shall not have been paid upon
28 prior redemption in any coin or currency which, at the time of payment, is legal tender for the
29 payment of public and private debts upon presentation and surrender of this bond on the date
30 such principal is payable or if such date is not a Business Day (hereinafter defined) then on the
31 next succeeding Business Day at the principal office of the Paying Agent, and to pay to the
32 registered owner hereof by check or draft, mailed to such registered owner at his address as it
33 appears on said registration books (the "Bond Register") maintained by the Bond Registrar
34 interest on said principal amount at the Interest Rate shown above until payment of such
35 principal amount, or until the prior redemption hereof, such interest being payable [semi-
36 annually] on the first days of _____ and _____ in each year, in like coin or
37 currency to the registered owner in whose name this bond is registered on the Bond Register as
38 of the close of business on the regular record date, which shall be the fifteenth day of the month
39 immediately preceding each regular interest payment date (the "Regular Record Date"). Any
40 such interest not so punctually paid or duly provided for shall forthwith cease to be payable to
41 the registered owner on the Regular Record Date, and may be paid to the person in whose
42 name this bond is registered at the close of business on a date fixed by the Paying Agent for
43 such defaulted interest payment (the "Special Record Date"), notice of which is given to the
44 registered owner hereof not less than ten (10) days prior to such Special Record Date, or may
45 be paid at any time in any other lawful manner not inconsistent with the requirement of any
46 securities exchange on which the bonds of this series may be listed and upon such notice as
47 may be required by such exchange.
48

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

1
2 This bond shall not be valid or become obligatory for any purpose, until this bond shall have
3 been authenticated by an authorized officer of the Bond Registrar.
4

5 This bond is one of a duly authorized issue of general obligation bonds of the City aggregating
6 _____ Dollars (\$_____) in principal amount, which are in
7 denominations of \$5,000 or any integral multiple thereof, mature serially in installments on the
8 first day of _____ in each of the years 20_ to 20_, inclusive, and bear interest per annum
9 as follows:

10	11	12	13	14	15	16	17	18
	Year of	Principal	Interest		Year of	Principal	Interest	
	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>		<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	

19 The bonds are numbered from one consecutively upwards prefixed by the letter "R" and are of
20 like tenor and effect except as to maturity, number, interest rate, denomination and redemption
21 provisions, and are issued pursuant to and in full conformity with the provisions of Sections 31
22 to 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume
23 and 2012 Supplement), as amended, and Article VII, Section 11 of the Annapolis City Charter,
24 and by virtue of due proceedings had and taken by the Mayor and Aldermen of the City of
25 Annapolis particularly an Ordinance adopted on the _____ day of _____, 2012 (approved
26 _____ 2012) (the "Ordinance").
27

28 The bonds which mature on or before _____ 1, 202__ are not subject to redemption prior to
29 their maturities. The bonds which mature on or after _____ 1, 202__ are subject to
30 redemption prior to their maturities on or after _____ 1, 202__ at the option of the City either
31 as a whole or in part at any time, in any order of maturities, at a redemption price expressed as
32 a percentage of the principal amount of the bonds to be redeemed, set forth in the table below,
33 together with interest accrued to the date fixed for redemption:
34

35	<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
----	---	-------------------------

36
37
38
39 If less than all of the bonds of any one maturity of this issue shall be called for redemption, the
40 bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its
41 discretion, it shall determine.
42

43 When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then,
44 upon the surrender of such bond, there shall be issued to the registered owner thereof, without
45 charge, for the unredeemed balance of the principal amount of such bond, at the option of such
46 owner, bonds in any of the authorized denominations, the aggregate face amount of such bonds
47 not to exceed the unredeemed balance of the bond so surrendered, and to bear the same
48 interest rate and to mature on the same date as said unredeemed balance.
49

50 If the City elects to redeem all or a portion of the bonds outstanding, it shall give a redemption
51 notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption

1 to each registered owner appearing on the books kept by the Bond Registrar. Notwithstanding
2 the foregoing, so long as all of the Bonds are registered in the name of Cede & Co., as nominee
3 for the Depository Trust Company, New York, New York ("DTC"), such notice shall be given by
4 a secure means (e.g. legible facsimile transmission, registered or certified mail or overnight
5 express delivery) in a timely manner designed to assure that such notice is in DTC possession
6 no later than the close of business on such 30th day; provided, however, that the failure to mail
7 the redemption notice or any defect in the notice so mailed or in the mailing thereof shall not
8 affect the validity of the redemption proceedings. The redemption notice shall state (i) whether
9 the bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of
10 the bonds to be redeemed, (ii) the date fixed for redemption and the redemption price or prices,
11 (iii) that the bonds to be redeemed shall be presented for redemption at the office of the Bond
12 Registrar and (iv) that interest on the bonds called for redemption shall cease to accrue on the
13 date fixed for redemption.

14
15 From and after the date fixed for redemption, if notice has been duly and properly given and if
16 funds sufficient for the payment of the redemption price of the bonds called for redemption plus
17 accrued interest due thereon are available on such date, the bonds so called for redemption
18 shall become due and payable at the redemption price or prices provided for redemption of such
19 bonds on such date interest on the bonds shall cease to accrue and the registered owners of
20 the bonds so called for redemption shall have no rights in respect thereof except to receive
21 payment of the redemption price plus accrued interest to the date fixed for redemption. Upon
22 presentation and surrender of a bond called for redemption in compliance with the redemption
23 notice, the Bond Registrar shall pay the redemption price of such Bond plus accrued interest
24 thereon to the date fixed for redemption. If bonds so called for redemption are not paid upon
25 presentation and surrender as described above, such bonds shall continue to bear interest at
26 the rates stated therein until paid.

27
28 This bond is transferable only upon the registration books kept at the principal office of the Bond
29 Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing,
30 upon surrender hereof together with a written instrument of transfer in the form attached hereto
31 and satisfactory to the Bond Registrar duly executed by the registered owner or his duly
32 authorized attorney, and thereupon, within a reasonable time, the City shall issue in the name of
33 the transferee a new registered bond or bonds of any authorized denominations in aggregate
34 principal amount equal to the principal amount of this bond or the unredeemed portion hereof,
35 and maturing on the same date and bearing interest at the same rate. Said new bond or bonds
36 shall be delivered to the transferee only after payment of any tax or governmental charge
37 required to be paid with respect to and any shipping expenses or insurance relating to, such
38 transfer and only after due authentication thereof by an authorized officer of the Bond Registrar.
39 The City shall not be required to issue, transfer or exchange any bond during the period
40 beginning fifteen days before any selection of bonds to be redeemed and ending on the day of
41 publication and mailing of the notice of redemption or to transfer or exchange any bond called or
42 being called for redemption in whole or in part. The City may deem and treat the person in
43 whose name this bond is registered as the absolute owner hereof for the purpose of receiving
44 payment of or on account of the principal or redemption price hereof and interest due hereon
45 and for all other purposes.

46
47 The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to
48 the prompt payment of the principal of and interest on this bond according to its terms, and the
49 City does hereby covenant and agree to pay the principal of this bond and the interest thereon,
50 at the dates and in the manner mentioned herein, according to the true intent and meaning
51 hereof.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter and the Ordinance 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 issue of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes or Charter, and that due provision has been made for the levy and collection of an *ad valorem* tax or taxes upon all legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Mayor of the City, which signature has been imprinted hereon, a facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk as of the first day of _____, 2012.

ATTEST: CITY OF ANNAPOLIS

City Clerk By: _____
Mayor

CERTIFICATION OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds of the City of Annapolis.

[Authorized Officer of Bond Registrar]

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

1
2 SECTION 8. All of the Bonds authorized by this Ordinance may be sold by solicitation of
3 competitive sealed proposals at public sale in accordance with the provisions of the following
4 Notice of Sale at the principal office of the City, on such date as may be selected by the Mayor
5 pursuant to an executive order for cash at no less than par, to the bidder therefor whose bid is
6 deemed to be for the best interests of Annapolis. Bids shall be received as provided in the
7 Notice of Sale. The Bonds authorized by this Ordinance may also be sold, if the Mayor
8 determines that it would be in the best interest of the City, at private (negotiated) sale without
9 advertisement, publication, notice of sale, or solicitation of competitive bids. The Mayor shall
10 award the sale of the Bonds by executive order.

11 Unless a referendum petition shall be filed as provided hereinafter or the Bonds are sold
12 at private (negotiated) sale, the City Clerk of Annapolis is authorized and directed to publish a
13 notice of sale at least twice in a daily or weekly newspaper having general circulation in
14 Annapolis. The publication of such notice of sale shall be made once at least ten days prior to
15 the date of sale. The City Clerk may give such other notice of the sale of such Bonds, within or
16 without this State, by publication or otherwise, as the Mayor may deem appropriate.

17 The Director of Finance of Annapolis (the "Finance Director") is hereby authorized and
18 directed to make all necessary arrangements for the tabulation and comparison of the proposals
19 received, including the employment of specially qualified personnel, if necessary, so that he will
20 be able promptly to advise the Mayor as to the proposal which produces the lowest true interest
21 cost for the Bonds sold.

22 The Mayor, City Manager and Finance Director are hereby authorized to prepare and
23 distribute a preliminary official statement and final official statement in connection with the sale
24 of the Bonds.

25 The Notice of Sale if used for the issue of Bonds authorized by this Ordinance shall be in
26 the form hereinafter set forth, with the insertions therein indicated. The terms and conditions
27 stated in such Notice of Sale are hereby adopted and approved as the terms and conditions
28 under which and the manner in which such Bonds shall be sold, issued and delivered at public
29 sale, subject to such insertions, alterations, additions or deletions as the Mayor may deem
30 advisable due to financial or market conditions prevailing at the time based upon the advice of
31 the Financial Advisor.

1
2 **NOTICE OF SALE**

3
4 \$ _____
5 **CITY OF ANNAPOLIS, MARYLAND**
6 **General Obligation Bonds**
7 _____, **2012 Series**
8

9 Electronic bids via the BiDCOMP/Parity Competitive Bidding System (“PARITY”) will be
10 received until 11:00 a.m., prevailing Eastern time, on _____, 2012 (unless postponed as
11 described herein) by City of Annapolis (the “City”) for the City’s General Obligation Bonds,
12 _____, 2012 Series (the “Bonds”).
13

14 **Terms of the Bonds**

15 The Bonds shall be dated the date of their delivery.

16 Interest on the Bonds is payable on _____, 2012 and semi-annually thereafter on
17 _____ 1 and _____ 1 until maturity. The Bonds will mature on _____ in the following
18 respective years and principal amounts:
19
20
21
22

<u>Maturing</u> <u>1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturing</u> <u>1*</u>	<u>Principal</u> <u>Amount*</u>
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	

23
24 _____
25 *Preliminary, subject to change. See “Adjustments of Principal Amounts.”
26

27 The proceeds of the Bonds will be used to finance the costs of certain public projects of
28 the City and pay the costs of issuing the Bonds. The Bonds will be fully registered bonds without
29 coupons in the denomination of \$5,000 each or any integral multiple thereof.
30

31 **Authority**

32
33 The Bonds are issued pursuant to Sections 31 through 39, inclusive, of Article 23A of the
34 Annotated Code of Maryland (2011 Replacement Volume and 2012 Supplement) and Article
35 VII, Section 11 of the Charter of the City of Annapolis, as amended. The Bonds are authorized
36 pursuant to Ordinance O-____-12.
37

1 The Bonds are general obligations of the City, and will constitute an irrevocable pledge
2 of its full faith and credit and unlimited taxing power.

3
4 **Book-Entry System**

5
6 One bond representing each maturity of the Bonds will be issued to and registered in the
7 name of Cede & Co., as nominee of The Depository Trust Company, New York, New York
8 (“DTC”), as registered owner of the Bonds and each such bond shall be held in the custody of
9 DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in
10 book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.
11 Purchasers will not receive physical delivery of certificates representing their interest in the
12 Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required
13 to deposit the bond certificates representing each maturity with DTC.

14
15 Interest on the Bonds will be payable when due and the principal or redemption price of
16 the Bonds will be payable at maturity or upon earlier redemption to DTC or its nominee as
17 registered owner of the Bonds. Transfer of principal and interest payments to beneficial owners of
18 the Bonds by participants of DTC (“Participants”) will be the responsibility of Participants and other
19 nominees of beneficial owners. The City will not be responsible or liable for such transfers of
20 payments or for maintaining, supervising or reviewing the records maintained by DTC,
21 Participants or persons acting through Participants.

22
23 **Optional Redemption**

24
25 Bonds maturing on or before _____, 2012 are not subject to redemption prior to
26 their stated maturities. Bonds maturing on or after _____, 2012 are subject to
27 redemption prior to their maturities at the option of the City on or after _____, 2012 either
28 as a whole or in part at any time in any order of maturity at the option of the City, at par plus
29 accrued interest thereon to the date fixed for redemption.

30
31 **Adjustments of Principal Amounts**

32
33 The preliminary aggregate principal amount of the Bonds and the preliminary principal
34 amount of each annual payment on the Bonds as set forth in this Notice of Sale (the
35 “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amount”, and
36 collectively the “Preliminary Amounts”) may be revised before the receipt and opening of the
37 bids for their purchase. Such revisions may include the addition or deletion of maturities of the
38 Bonds. **ANY SUCH REVISIONS** made prior to the opening of the bids (the “Revised Aggregate
39 Principal Amount” and the “Revised Annual Principal Amount”, and collectively the “Revised
40 Amounts”) **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR (“TM3”)**
41 **(www.tm3.com) NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON**
42 **THE ANNOUNCED DATE FOR RECEIPT OF BIDS FOR THE BONDS.**

43
44 In the event that no such revisions are made, the Preliminary Amounts will constitute the
45 Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised
46 Amounts will be used to compare bids and select a winning bidder.

47
48 Such Revised Amounts, among other things, will be used by the City to calculate the final
49 aggregate principal amount of the Bonds and the final principal amount of each annual payment
50 on the Bonds (the “Final Aggregate Principal Amount” and the “Final Principal Amount” of each
51 annual payment, respectively, and collectively, the “Final Amounts”). In determining the Final

1 Amounts the City reserves the right to increase or decrease the aggregate amount of the Bonds
2 by an amount not to exceed twelve percent (12%) and correspondingly adjust the issue size, with
3 all calculations to be rounded to the nearest \$5,000.
4

5 In the event of any such adjustment, no rebidding or recalculation of the bid submitted will
6 be required or permitted. If necessary, the total purchase price of the Bonds will be increased or
7 decreased in direct proportion to the ratio that the adjustment bears to the aggregate principal
8 amount of the Bonds specified herein; and the Bonds of each maturity, as adjusted, will bear
9 interest at the same rate and must have the same initial reoffering yields as specified in the bid of
10 the successful bidder. However, the award will be made to the bidder whose bid produces the
11 lowest true interest cost, calculated as specified in the section entitled "Basis of Award" herein.
12 THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST
13 RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE
14 TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. IN READJUSTING THE PRINCIPAL
15 AMOUNT OF THE BONDS FOLLOWING THE AWARD, THE CITY WILL HOLD CONSTANT
16 THE BIDDER'S GROSS SPREAD PER \$1,000 BONDS AS INDICATED IN THE ORIGINAL BID.
17 In this process, however, the City reserves the right to adjust the actual dollar amount of Bidder's
18 gross spread resulting from an upward or downward adjustment of the principal amount of the
19 Bonds.

Change of Bid Date and Closing Date

20 The City reserves the right to postpone, from time to time, the date established for the
21 receipt of bids and will undertake to notify registered prospective bidders via notification published
22 on [TM3](#).
23

24 A postponement of the bid date will be announced via TM3 not later than 4:00 p.m.,
25 prevailing Eastern Time, on the last business day prior to any announced date for receipt of bids,
26 and an alternative sale date and time will be announced via TM3 at that time or at a later date.
27

28 On any such alternative date and time for receipt of bids, the City will accept electronic
29 bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this
30 Notice of Sale, except for the changes in the date and time for receipt of bids and any other
31 changes announced via TM3.
32

33 The City reserves the right to change the scheduled delivery date for the Bonds.
34

Bid Parameters

35
36
37 No bid of less than 100% of par or more than ___% on an "all-or-none" basis, no oral bid and no
38 bid for less than all of the Bonds described in this Notice of Sale, will be considered. The Bonds
39 are expected to be awarded by approximately 4:00 p.m., prevailing Eastern Time, on _____
40 ___, 2012. All proposals shall remain firm until the time of award.
41

42 Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%,
43 and the highest rate may not exceed the lowest rate by more than ___% and no interest rate
44 may exceed ___%. A zero rate may not be named. No Bond shall bear more than one rate of
45 interest which rate shall be uniform for the life of the Bond.
46

1 **Basis of Award**
2

3 The Mayor of the City will not accept and will reject any bid for less than all of the Bonds.
4 The City will award all of the Bonds to one bidder. The City reserves the right to reject any and
5 all bids and to waive any irregularities in any of the bids. The judgment of the City shall be final
6 and binding upon all bidders with respect to the form and adequacy of any proposal received
7 and as to its conformity with the terms of this Notice of Sale.
8

9 The Bonds will be awarded to the bidder naming the lowest true interest cost (TIC) for
10 the Bonds in any legally acceptable proposal and offering to pay not less than par. The lowest
11 true interest cost with respect to the Bonds will be determined by doubling the semiannual
12 interest rate, compounded semiannually, necessary to discount the debt service payments from
13 the payment dates to the date of the Bonds and to the amount bid.
14

15 Where the proposals of two or more bidders result in the same lowest true interest cost
16 for any Bonds, such Bonds may be apportioned between such bidders, but if this shall not be
17 acceptable, the City shall have the right to award all of such Bonds to one bidder. There will be
18 no auction. The right is reserved to the City to reject any or all proposals and to waive any
19 irregularity or informality in any proposal. The City's judgment shall be final and binding upon all
20 bidders with respect to the form and adequacy of any proposal received and as to its conformity
21 to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 p.m.,
22 prevailing Eastern Time, on the sale date. All bids remain firm until an award is made. Upon
23 notice of such award, the winning bidder shall advise the City of the initial reoffering prices to
24 the public of each maturity of the Bonds and the names of the members of the underwriting
25 groups.
26

27 **Procedures for Electronic Bidding**
28

29 ***Bidders to Submit Bids by PARITY***
30

31 Bids must be submitted electronically via PARITY pursuant to this Notice of Sale until
32 11:00 a.m., prevailing Eastern time, on the sale date but no bid will be received after the time for
33 receiving bids specified above. To the extent any instructions or directions set forth in PARITY
34 conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further
35 information about PARITY, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd
36 Floor, New York, New York 10018, telephone (212) 849-5021.
37

38 ***Disclaimer***
39

40 Each prospective electronic bidder shall be solely responsible to submit its bid via
41 PARITY as described above. Each prospective electronic bidder shall be solely responsible to
42 make necessary arrangements to access PARITY for the purpose of submitting its bid in a
43 timely manner and in compliance with the requirements of this Notice of Sale. Neither the City
44 nor PARITY shall have any duty or obligation to provide or assure access to PARITY to any
45 prospective bidder, and neither the City nor PARITY shall be responsible for proper operation
46 of, or have any liability for any delays or interruptions of, or any damages caused by PARITY.
47 The City is using PARITY as a communication mechanism, and not as the City's agent, to
48 conduct the electronic bidding for the Bonds. The City is not bound by any advice and
49 determination of PARITY to the effect that any particular bid complies with the terms of this
50 Notice of Sale and in particular the "Bid Parameters" set forth herein. All costs and expenses
51 incurred by prospective bidders in connection with their submission of bids via PARITY are the

1 sole responsibility of the bidders; the City is not responsible, directly or indirectly, for any of such
2 costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or
3 withdrawing a bid for the Bonds, such bidder should telephone i-Deal LLC at (212) 849-5021
4 and notify Davenport & Company LLC by facsimile at (866) 932-6660.
5

6 ***Electronic Bidding Procedures***

7

8 Electronic bids must be submitted for the purchase of the Bonds (all or none) via
9 PARITY. Bids will be communicated electronically to the City at 11:00 a.m., prevailing Eastern
10 time, on _____, 2012. Prior to that time, a prospective bidder may (1) submit the
11 proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event
12 the proposed terms as last modified will (unless the bid is withdrawn as described herein)
13 constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are
14 communicated electronically via PARITY to the City, each bid will constitute an irrevocable offer
15 to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding
16 process, the time as maintained on PARITY shall constitute the official time.
17

18 **Good Faith Deposit**

19

20 A good faith deposit in the amount of \$_____ is required of the winning
21 bidder for the Bonds. The winning bidder for the Bonds is required to submit such good faith
22 deposit payable to the order of the City in the form of a wire transfer in federal funds as
23 instructed by the City's Financial Advisor, Davenport & Company LLC or a financial surety bond.
24 The winning bidder shall submit the good faith deposit not more than two hours after verbal
25 award is made. The winning bidder should provide as quickly as it is available, evidence of wire
26 transfer by providing the City the federal funds reference number. If the winning bidder fails to
27 comply with the good faith deposit requirement as described herein, that bidder is nonetheless
28 obligated to pay to the City the sum of \$_____ as liquidated damages due to the failure
29 of the winning bidder to timely deposit the good faith deposit.
30

31 A bidder may submit a financial surety bond from an insurance company acceptable to
32 the City, the claims paying ability of which is rated AAA by Standard & Poor's, a Division of the
33 McGraw-Hill Companies, Inc., or Aaa by Moody's Investors Service, Inc. and licensed to issue
34 such a bond in the State of Maryland and such surety bond must be submitted to the Director of
35 Finance of the City prior to 11:00 a.m., prevailing Eastern Time, on the date of sale. The financial
36 surety bond must identify each bidder whose good faith deposit is guaranteed by such financial
37 surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the
38 successful bidder is required to submit its good faith deposit to the Director of Finance of the City
39 not later than 12:00 noon, prevailing Eastern Time, on the next business day following the award
40 either in the form of a wire transfer as described above in accordance with the City's instructions
41 to such successful bidder. If such good faith deposit is not received by that time, the financial
42 surety bond may be drawn by the City to satisfy the good faith deposit requirement.
43

44 ***Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance 45 of the terms of the good faith deposit requirement.***

46

47 The good faith deposit will be retained by the City until the delivery of the Bonds, at which
48 time the good faith deposit will be applied against the purchase price of the Bonds or the good
49 faith deposit will be retained by the City as partial liquidated damages in the event of the failure of
50 the successful bidder to take up and pay for such Bonds in compliance with the terms of this
51 Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the City. The

1 balance of the purchase price must be wired in federal funds to the account detailed in the
2 closing memorandum, simultaneously with delivery of the Bonds.

3
4 **Approving Legal Opinion**

5
6 The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland,
7 Bond Counsel, will be furnished to the purchasers without cost. There will also be furnished the
8 usual closing papers and, in addition, a certificate signed by appropriate officers of the City,
9 certifying that there is no litigation pending or, to the knowledge of the signers of such
10 certificate, threatened affecting the validity of the Bonds and that on the date of the Official
11 Statement mentioned below and at the time of delivery of the Bonds the statements and
12 information contained in such Official Statement which are made and provided by the City are
13 and will be true, correct and complete in all material respects and the Official Statement does
14 not and will not omit any statement or information which is required to be stated therein or
15 necessary to make the statements and information therein, in the light of the circumstances
16 under which they were made, not misleading or incomplete in any material respect.

17
18 **Preliminary Official Statement; Continuing Disclosure**

19
20 The City has deemed the Preliminary Official Statement with respect to the Bonds dated
21 _____ (the "Preliminary Official Statement") to be final as of its date for purposes of
22 Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), except for
23 the omission of certain information permitted to be omitted by said Rule. The City agrees to
24 deliver to the successful bidder for its receipt no later than seven business days after the date of
25 sale of the Bonds such quantities of the final official statement as the successful bidder shall
26 request; provided, that the City shall deliver up to 300 copies of such official statement without
27 charge to the successful bidder.

28
29 The City has made certain covenants for the benefit of the holders from time to time of
30 the Bonds to provide certain continuing disclosure, in order to assist bidders for the Bonds in
31 complying with Rule 15c2-12(b)(5) of the SEC. Such covenants are described in the
32 Preliminary Official Statement.

33
34 **Delivery**

35
36 The Bonds will be delivered on or about _____, 2012 (unless a notice of a change
37 in the delivery date is provided) through the facilities of DTC in New York, New York, against
38 payment therefor in federal or other immediately available funds.

39 **Reoffering Price Certificate**

40 SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE
41 SUCCESSFUL BIDDER SHALL FURNISH TO THE CITY A CERTIFICATE ACCEPTABLE TO
42 BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A
43 BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL
44 REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE
45 SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF
46 EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES,
47 BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING
48 PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS
49 SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER

1 INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH
2 OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL
3 SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate
4 must be made on the best knowledge, information and belief of the successful bidder, (ii) the
5 sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial
6 reoffering prices would be sufficient to certify as of the sale of a substantial amount of the bonds
7 and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond
8 Counsel to assure compliance with the statutory requirement to avoid the establishment of an
9 artificial price for the Bonds.

10
11 **Miscellaneous**

12
13 It is expected that CUSIP numbers will be printed on the Bonds. However, the validity,
14 sale, delivery or acceptance of the Bonds will not be affected in any manner by any failure to
15 print, or any error in printing, the CUSIP numbers on said Bonds, or any of them.

16
17 The right to reject any or all bids, or to waive any irregularity or informality in any bid, is
18 reserved.

19
20
21
22 CITY OF ANNAPOLIS, MARYLAND

23
24
25 By: /s/ _____
26 Mayor

27
28 By: /s/ _____
29 Director of Finance
30
31

1
2 SECTION 9. If any Bonds are sold pursuant to the foregoing Notice of Sale, the award
3 shall be made by order of the Mayor. Such action of the Mayor shall also fix the interest rate or
4 rates payable on the Bonds in accordance with the accepted proposal. The Mayor shall also be
5 authorized to make all changes necessary to the form of the Bond to comply with a book-entry
6 only system. The Bonds shall thereupon be signed as hereinabove provided and delivered to
7 the successful bidder upon payment of the balance of the purchase price thereof. The proceeds
8 of the Bonds shall be paid to the Finance Director. Upon approval of the appropriate vouchers,
9 in accordance with the established procedure of the City, the Finance Director shall pay, from
10 the proceeds of the Bonds in his hands, all expenses incurred in the issuance of the Bonds,
11 including costs of advertising, printing, document reproduction and counsel fees and expenses.
12 The balance of said proceeds shall be credited by the Finance Director to the several accounts
13 on his books for the Projects described above and the Finance Director shall make
14 disbursements for such Projects in accordance with the established procedure of Annapolis.
15 Prior to expenditure of such proceeds, the same or any part thereof shall be invested by the
16 Finance Director, with the approval of the Mayor, in any authorized investment of the City. If the
17 funds derived from the sale of the Bonds shall exceed the amount needed to finance the Project
18 described in this Ordinance, or if the City Council determines that the public interest requires a
19 change in the capital improvements program of Annapolis, the funds so borrowed and not
20 expended for the public improvements provided by this Ordinance shall be set apart in a
21 separate fund by the Finance Director and applied in payment of the debt service on the Bonds,
22 unless the City Council shall adopt an ordinance allocating such funds to some other public
23 capital improvement project or projects of Annapolis.

24 SECTION 10. The City is hereby authorized to borrow money and incur indebtedness
25 authorized to be borrowed and incurred ~~hereinunder~~ in the form of Bonds by obtaining ~~a loan (a~~
26 ~~“Water Quality Loan”)~~ loans (the “Drinking Water Loans”) in an aggregate principal amount not
27 to exceed Thirty Million Dollars (\$30,000,000) from the Maryland Water Quality Financing
28 Administration (the “Water Quality Administration”) pursuant to and in accordance with Sections
29 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland
30 (2007 Replacement Volume and 2012 Supplement) (the “Water Quality Act”). ~~Any such Water~~
31 ~~Quality Loan~~ The Drinking Water Loans shall be evidenced by ~~a loan agreements (a “Water~~
32 ~~Quality Loan Agreement”)~~ (the “Drinking Water Loan Agreements”) between the City and the
33 Water Quality Administration and ~~a bonds~~ or ~~notes~~ issued by the City. The Drinking Water Loan

1 Agreements and such bonds or notes being referred to herein are collectively referred to as a
2 ~~“Water Quality Obligation”~~ the “Drinking Water Obligations”.

3 It is acknowledged that the proceeds of ~~any Water Quality~~ the Drinking Water Loans will
4 be used for the public purposes of funding the costs of the Project and any related costs,
5 including costs of the Water Quality Administration and the funding of reserves, to the extent
6 permitted by the Water Quality Act.

7 Subject to and in accordance with the provisions of this Ordinance, the Mayor shall
8 determine by order, for each and every Drinking Water Quality Obligation, all matters relating
9 thereto, including (without limitation) the purposes for which such Drinking Water Quality
10 Obligation is issued, the designation and terms of one or more series, the prepayment
11 provisions, if any, thereof, the manner of authentication of such Drinking Water Quality
12 Obligation, if any, the date from which interest on such Drinking Water Quality Obligation shall
13 accrue, the rate or rates of interest borne by such Drinking Water Quality Obligation or the
14 method of determining the same (except as expressly stated in this Ordinance), the interest
15 payment and maturity dates thereof and the provisions for the registration of Drinking Water
16 Quality Obligations.

17 The Mayor is ~~hereby authorized to determine the form~~ shall designate a series of
18 ~~Drinking Water Quality Obligations and the execution and delivery thereof shall be conclusive~~
19 ~~evidence of the approval of such Water Quality Obligations on behalf of the city~~ that shall bear
20 interest at a rate of 25% of the average of the Bond Buyer 11-Bond Index for the month
21 preceding the date of delivery, provided that the rate determined by such calculation may be
22 rounded down by the Water Quality Administration in its sole discretion. ~~Water Quality~~
23 ~~obligations shall be executed by the mayor by manual or facsimile signature, and a facsimile of~~
24 ~~the corporate seal of Annapolis shall also be imprinted thereon, attested by the manual or~~
25 ~~facsimile signature of the City Clerk of Annapolis, all in accordance with and pursuant to the~~
26 ~~authority of the Maryland Uniform Facsimile Signature of Public Officials Act, being Sections 2-~~
27 ~~301 through 2-306 of the State Finance and Procurement Article of the Annotated Code of~~
28 ~~Maryland.~~ The determination of the interest rate by the Water Quality Administration in
29 accordance with the foregoing shall be conclusive.

30 The Mayor shall designate an additional series of Drinking Water Obligation the principal
31 of which shall be payable upon demand of the Water Quality Administration together with
32 interest at the default rate (as set forth in the related Drinking Water Loan Agreement) accruing
33 from the date upon which such demand is made by the Water Quality Administration, which
34 demand may be made at any time prior to that date that is the ten year anniversary of the date

1 of issuance of such series of Drinking Water Obligation. The determination of such default rate
2 by the Water Quality Administration in accordance with the foregoing shall be conclusive.
3 Pursuant to Title VI of the Federal Water Pollution Control Act, as amended by the Water
4 Quality Act of 1987, as amended by federal Appropriation or Authorizations Acts, and Section 9-
5 1605(d)(9) of the Environment Article of the Annotated Code of Maryland, as amended, the
6 Water Quality Administration shall forgive repayment of the principal amount of such series of
7 Drinking Water Obligation and the interest payable thereon so long as the City performs all of its
8 other obligations under the Drinking Water Loan Agreements. Upon determination by the Water
9 Quality Administration that any such other obligations have not been performed by the City,
10 payment of the principal amount of such series of Drinking Water Obligation and the interest
11 thereon from the date of demand at the default rate will be due and payable on demand. If the
12 Water Quality Administration has not demanded payment of the principal of and interest on such
13 series of Drinking Water Obligation prior to that date that is the ten year anniversary of the date
14 of issuance thereof, then the Water Quality Administration shall be deemed to have forgiven
15 repayment of the principal amount of such series of Drinking Water Obligation and interest
16 thereon, such series of Drinking Water Obligation shall be deemed cancelled and the related
17 Drinking Water Loan Agreement shall be deemed terminated and of no further force and effect.

18 Drinking Water Quality Obligations may be sold for a price at or above par, plus accrued
19 interest to the date of delivery through a private (negotiated) sale, without solicitation of
20 competitive bids and such sale is hereby determined to be in the best interests of the City.

21 Notwithstanding any other provision in this Ordinance, Drinking Water Quality
22 Obligations shall mature not later than the earlier of 30 years after the date of their execution
23 and delivery or the maximum maturity permitted under the Water Quality Act.

24 ~~Any~~ The Drinking Water Quality Obligations shall be secured as provided in Section 11
25 of this Ordinance.

26 The Drinking Water Obligations shall be executed by the Mayor by manual or facsimile
27 signature, and a facsimile of the corporate seal of Annapolis shall also be imprinted thereon,
28 attested by the manual or facsimile signature of the City Clerk of Annapolis, all in accordance
29 with and pursuant to the authority of the Maryland Uniform Facsimile Signature of Public
30 Officials Act, being Sections 2-301 through 2-306 of the State Finance and Procurement Article
31 of the Annotated Code of Maryland. Except as provided hereinafter or in ordinances of the
32 Mayor and Aldermen of the City of Annapolis adopted prior to the issuance and delivery of the
33 Drinking Water Obligations, all Drinking Water Obligations shall be substantially in the forms
34 attached hereto as Exhibits A and B, with appropriate insertions as therein indicated and such

1 other modifications as shall be approved by the Mayor, which forms and all of the covenants
2 therein contained are hereby adopted by Annapolis as and for the forms of Drinking Water
3 Obligations to be incurred by Annapolis, and said covenants and conditions are hereby made
4 binding upon Annapolis, including the promise to pay therein contained and the covenant to pay
5 to the Water Quality Administration its annual administrative fees.

6 SECTION 11. In order to provide for the payment of the principal of and interest on the
7 Bonds hereby authorized when due, there shall be appropriated in the next ensuing fiscal year
8 of Annapolis and in each fiscal year thereafter, so long as any of the Bonds are outstanding and
9 unpaid, or until sufficient funds had been accumulated and irrevocably set aside for the purpose,
10 an amount sufficient to meet the debt service on the Bonds coming due in such fiscal year and
11 there shall be levied ad valorem taxes upon all property within the corporate limits of the City
12 subject to assessment for full City taxes, in rate and amount sufficient in each such year to fund
13 such appropriations and to provide for the payment when due of the principal of and interest on
14 all Bonds maturing in each such fiscal year. In the event the proceeds from the taxes so levied
15 in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be
16 levied in the subsequent fiscal year to make up any deficiency. Thereafter, prior to each interest
17 payment date, the Finance Director shall deposit with the Paying Agent, from the tax proceeds
18 above described, the amounts needed to pay the principal of and interest on the Bonds coming
19 due on each such interest payment date. All moneys so deposited with the Paying Agent shall
20 be deemed and treated by the Paying Agent as trust funds for the use and benefit of the holders
21 from time to time of the Bonds hereby authorized. Any such trust funds so held by the Paying
22 Agent for the payment of particular Bonds for periods of more than two years from the dates of
23 such Bonds, upon the expiration of any such two-year period and the failure of the holders of
24 said Bonds to present the same for payment within such period, shall be returned by the Paying
25 Agent to the City and, therefore, the holders of any such Bonds shall have claims only against
26 the City for payment of the obligations held by them and the Paying Agent shall be relieved of
27 the trust hereby imposed.

28 To assure the performance by the City of the provisions of this Section, the full faith and
29 credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to
30 maturity of the principal of and interest on the Bonds hereby authorized as and when the same
31 respectively mature and become payable and to the levy and collection of the taxes
32 hereinabove described as and when such taxes may become necessary in order to provide
33 sufficient funds to meet the debt service requirements of the Bonds hereby authorized to be

1 issued. This pledge is made hereby for the benefit of the holders, from time to time, of the
2 Bonds hereby authorized.

3 The City hereby solemnly covenants and agrees with each holder of any of the Bonds
4 hereby authorized to levy and collect the taxes hereinabove described and to take any other
5 action that may be appropriate from time to time during the period that any of such Bonds
6 remain outstanding and unpaid to provide the funds necessary to make principal and interest
7 payments thereon when due.

8 The City may apply any funds received by it to the payment of principal of and interest
9 on the Bonds if such funds are provided for the purpose of obtaining, operating or maintaining
10 water treatment facilities, and to the extent that any such funds received or receivable in any
11 fiscal year are applied to such purposes as provided herein, the taxes hereby required to be
12 levied shall be reduced proportionately.

13 SECTION 12. This Ordinance and the question of the issuance of Bonds hereunder
14 shall not be submitted to a referendum of the registered voters of Annapolis, as permitted by
15 law, unless, within ten days after the passage of this Ordinance, there shall be served upon the
16 Mayor a notice signed by not fewer than 200 of the registered voters of Annapolis, advising that
17 a petition for a referendum on the issuance of said bonds is being circulated by one or more of
18 the persons signing said notice and unless, within 20 days after the delivery of such notice,
19 there shall also be filed with the Mayor a petition or petitions requesting the holding of such a
20 referendum, properly signed as required by the Charter, by not fewer than 25% of the registered
21 voters of Annapolis, as shown by the registered voters books of Annapolis, maintained by the
22 Board of Supervisors of Elections of the City (the "Board of Supervisors"). In view of the
23 foregoing, no action shall be taken by Annapolis pursuant to this Ordinance for a period of ten
24 days following its passage. If, within such ten day period, the notice above described is filed as
25 aforesaid, then no action shall be taken by Annapolis pursuant to this Ordinance for a period of
26 20 days following the filing of such notice. If, within such 20 day period, a petition for
27 referendum, as above-described, shall be filed as aforesaid, then no action shall be taken by
28 Annapolis under this Ordinance unless and until the Mayor shall receive written advice from the
29 City Attorney and the Board of Supervisors that such referendum petition does not meet the
30 requirements of the Charter or unless and until the referendum requested in such petition shall
31 be duly held in accordance with law and the Board of Supervisors shall certify to Annapolis that,
32 in the election at which such referendum is held, a majority of the registered voters of Annapolis
33 voting on the question referred duly cast their ballots in favor of the issuance of the Bonds

1 hereby authorized. If this Ordinance shall be ratified or approved on any such referendum, then
2 the Mayor and City Clerk may proceed with the issuance of the Bonds hereby authorized,
3 without further action by Annapolis.

4 SECTION 13. That CUSIP numbers may be printed on the Bonds; provided, however,
5 that the printing of CUSIP numbers on the Bonds (even if incorrect) shall have no legal effect
6 and shall not in any way affect the enforceability or validity of any Bond. Any expenses in
7 relation to the printing of CUSIP numbers on the Bonds, including any CUSIP Service Bureau
8 charge for the assignment of such numbers, in the discretion of the Finance Director, may be
9 paid for by the City from the proceeds of the Bonds.

10 SECTION 14. In addition to the insertions and variations prescribed by this Ordinance,
11 the Mayor is hereby authorized to make such further modifications in such forms. In connection
12 with the issuance of any Bonds pursuant to this Ordinance, the City is hereby authorized to
13 enter into one or more agreements as the Mayor shall deem necessary or appropriate for the
14 issuance, sale, delivery or security of such Bonds, which may include (without limitation) (i)
15 underwriting, purchase or placement agreements for Bonds sold at private (negotiated) sale in
16 accordance with the provisions of this Ordinance; (ii) trust agreements with commercial banks or
17 trust companies providing for the issuance and security of such Bonds; (iii) any dealer,
18 remarketing or similar agreements providing for the placement or remarketing of such Bonds;
19 (iv) agreements providing for any credit or liquidity facilities supporting any Bonds; (v)
20 agreements with commercial banks or trust companies providing for the deposit of proceeds of
21 any Bonds; (vi) agreements with fiscal agents providing for the issuance of Bonds and their
22 authentication and registration; and (vii) continuing disclosure agreements, including any such
23 agreements required to enable the underwriters of any Bonds to meet the requirements of
24 paragraph (b)(5) of Rule 15c2-12 promulgated by the United States Securities and Exchange
25 Commission. Each such agreement shall be in such form as shall be determined by the Mayor
26 by executive order. The execution and delivery of each such agreement by the Mayor shall be
27 conclusive evidence of the approval of the form of such agreement on behalf of the City.

28 SECTION 15. The Mayor and the Finance Director shall be the officers of the City
29 responsible for the issuance of the Bonds within the meaning of the "Arbitrage Regulations"
30 (defined herein).

31 The Mayor and the Finance Director shall also be the officers of the City responsible for
32 the execution and delivery (on the date of issuance of the Bonds) of a certificate of the City (the
33 "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of the
34 Internal Revenue Code of 1986, as amended ("Section 148"), and the applicable regulations

1 thereunder (the “Arbitrage Regulations”), and such officials are hereby authorized and directed
2 to execute the Tax and Section 148 Certificate and to deliver the same to Bond Counsel on the
3 date of the issuance of the Bonds.

4 The City shall set forth in the Tax and Section 148 Certificate its reasonable
5 expectations as to relevant facts, estimates and circumstances relating to the use of the
6 proceeds of the Bonds, or of any moneys, securities or other obligations to the credit of any
7 account of the City which may be deemed to be proceeds of the Bonds pursuant to Section 148
8 or the Arbitrage Regulations (collectively, “Bond Proceeds”). The City covenants with each of
9 the holders of any of the Bonds that the facts, estimates and circumstances set forth in the Tax
10 and Section 148 Certificate will be based on the City’s reasonable expectations on the date of
11 issuance of the Bonds and will be, to the best of the certifying officials’ knowledge, true and
12 correct as of that date.

13 In the event that Bonds are issued pursuant to this Ordinance with the expectation that
14 interest on such Bonds will be excludable from gross income for federal income tax purposes,
15 the City covenants with each of the registered owners of any of the Bonds that it will not make,
16 or (to the extent that it exercises control or direction) permit to be made, any use of the Bond
17 Proceeds which would cause the Bonds to be “arbitrage bonds” within the meaning of Section
18 148 and the Arbitrage Regulations. The City further solemnly covenants that it will comply with
19 Section 148 and the regulations thereunder which are applicable to the Bonds on the date of
20 issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds
21 as long as the Bonds remain outstanding and unpaid. The Mayor, the City Manager, and the
22 Finance Director are hereby authorized and directed to prepare or cause to be prepared and to
23 execute any certification, opinion or other document, including, without limitation, the Tax and
24 Section 148 Certificate, which may be required to assure that the Bonds will not be deemed to
25 be “arbitrage bonds” within the meaning of Section 148 and the regulations thereunder.

26 The City further covenants with each of the registered owners of any of the Bonds (i) that
27 it will not take any action or (to the extent that it exercises control or direction) permit any action
28 to be taken that would cause the Bonds or a portion of the Bonds to be “federally guaranteed”
29 within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended, and
30 (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made,
31 any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds
32 or a portion of the Bonds to be “private activity bonds” within the meaning of Section 141 of the
33 Internal Revenue Code of 1986, as amended.

1 In the event that the Bonds are being issued hereunder with the expectation that interest
2 on such Bonds will be excludable from gross income for federal income tax purposes, the Mayor
3 may make such covenants or agreements in connection with the issuance of such Bonds as he
4 shall deem advisable in order to assure the registered owners of such Bonds that interest
5 thereon shall be and remain excludable from gross income for federal income tax purposes and
6 such covenants or agreements shall be binding on the City so long as the observance by the
7 City of any such covenants or agreements is necessary in connection with the maintenance of
8 the exclusion of the interest on such Bonds from gross income for federal income tax purposes.
9 The foregoing covenants or agreements may include such covenants or agreements on behalf
10 of the City regarding compliance with the provisions of the Internal Revenue Code of 1986, as
11 amended, as the Mayor shall deem advisable in order to assure the registered owners of the
12 Bonds that the interest thereon is and shall remain excludable from gross income for federal
13 income tax purposes, including (without limitation) covenants or agreements relating to the
14 investment of Bond Proceeds, the payment of certain earnings resulting from such investment
15 to the United States, limitations on the times within which, and the purposes for which, Bond
16 Proceeds may be expended, or the use of specified procedures for accounting for and
17 segregating Bond Proceeds. Any covenant or agreement made by the Mayor pursuant to this
18 paragraph may be set forth in or authorized by the Tax and Section 148 Certificate or an order
19 executed by the Mayor.

20 ~~SECTION 16. This Ordinance shall take effect from the date of its approval by the~~
21 ~~Mayor, on or following the date of its final adoption and, thereafter, within not more than three~~
22 ~~calendar days of such approval, notice of the adoption of this Ordinance shall be duly given by~~
23 ~~publication of the title hereof at least once in "The Capital," or another newspaper published and~~
24 ~~of general circulation in the City~~ In compliance with the applicable provisions of the Internal
25 Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations, the
26 City hereby declares its official intent to reimburse expenditures made in connection with the
27 Project with the proceeds of Bonds (including without limitation Drinking Water Obligations)
28 issued hereunder.

29 SECTION 17. This Ordinance shall take effect from the date of its approval by the
30 Mayor, on or following the date of its final adoption and, thereafter, within not more than three
31 calendar days of such approval, notice of the adoption of this Ordinance shall be duly given by
32 publication of the title hereof at least once in "The Capital," or another newspaper published and
33 of general circulation in the City.

34 **ADOPTED** this _____ day of _____, 2012.

1
2

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY

Regina C. Watkins-Eldridge, MMC, City
Clerk

Joshua J. Cohen, Mayor

3
4
5
6
7
8

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.

[brackets] indicate matter stricken from existing law.

Underlining indicates amendments in the form of insertion.

~~Strikethrough~~ indicates amendments in the form of deletions.

Cohen Amendment in the Form of a Substitute
O-39-12 - Issuance of Bonds – Water Treatment Plant

Exhibit A

(See following page)

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

"Insert Name of Entity"

Dated as of , 2013

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01	Definitions	2
Section 1.02	Rules of Construction	5

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

Section 2.01	Representations of Borrower	6
Section 2.02	Particular Covenants of the Borrower.	8

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

Section 3.01	The Loan	13
Section 3.02	Availability of Funds	13
Section 3.03	Requisitions and Disbursements	14
Section 3.04	Amounts Payable	15
Section 3.05	Sources of Payment.....	17
Section 3.06	Unconditional Obligations.....	17
Section 3.07	Loan Commitment	18
Section 3.08	Reduction of Loan Commitment	18
Section 3.09	Disclaimer of Warranties	19
Section 3.10	Prepayments	19
Section 3.11	Assignment	19

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01 Events of Default. 19
Section 4.02 Notice of Default..... 20
Section 4.03 Remedies on Default..... 20
Section 4.04 Attorneys’ Fees and Other Expenses 20
Section 4.05 Application of Monies. 20
Section 4.06 No Remedy Exclusive; Waiver; Notice..... 21

ARTICLE V

MISCELLANEOUS

Section 5.01 Notices. 21
Section 5.02 Binding Effect..... 21
Section 5.03 Severability. 21
Section 5.04 Execution in Counterparts. 21
Section 5.05 Applicable Law..... 21
Section 5.06 Captions 21
Section 5.07 Further Assurances 21
Section 5.08 Entire Agreement 22
Section 5.09 Amendment of this Agreement 22
Section 5.10 Disclaimer of Relationships..... 22
Section 5.11 Effective Date 22
Section 5.12 Term of this Agreement 22
Section 5.13 Delegation Not to Relieve Obligations..... 22
Section 5.14 Additional Terms 22

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

LOAN AGREEMENT

THIS LOAN AGREEMENT, made this day of , 2013 between the Maryland Water Quality Financing Administration (the “Administration”), a unit of the Department of the Environment (the “Department”) of the State of Maryland (the “State”), and "Insert Name of Entity", a of the State (the “Borrower”).

RECITALS

The federal Safe Drinking Water Act (“SDWA”), as amended, authorizes the Environmental Protection Agency (“EPA”) to award grants to qualifying States to establish and capitalize State drinking water treatment revolving loan 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 and privately-owned water supply systems.

As contemplated by the SDWA, the General Assembly of the State has amended 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 Drinking Water 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 “water supply system” 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 “water supply system” 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 the SDWA, 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 ensuring that public drinking water remains safe, adequate and affordable, and will further the purposes of the SDWA and the Act.

The Act authorizes the Administration, subject to the prior approval of the Secretary of the Department and the Board of Public Works, to issue its revenue bonds for the purpose of providing monies for deposit to the Fund. The Administration may issue and sell one or more series of such revenue bonds (the “Bonds”) for the purpose of providing monies for deposit to the Fund in an amount sufficient, together with certain other monies expected to be available for that purpose, to enable the Administration to make, or reimburse the Administration for making, a loan to the Borrower and certain other entities to assist in the financing of projects, all as contemplated by the Administration’s Intended Use Plan. The revenues from this loan and such other loans, whether or not funded from the proceeds of Bonds, may be pledged by the Administration to secure Bonds.

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

“Borrower” means the local government, individual or entity 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.

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

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

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

“Director” means the Director of the Administration.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Requirement” means any law, ordinance, code, order, rule or regulation of a Governmental Authority, including, without limitation, the State primary drinking water regulations or a condition in a construction permit issued by the Department.

“Safe Drinking Water Act” means Title XIV of the Public Health Service Act, P.L. 93-523, as amended, 42 U.S.C. § 300f, et seq., and the rules and regulations promulgated thereunder.

“State” means the State of Maryland.

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

“Trustee” means the trustee for the Bonds.

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

(a) Corporate Organization and Authority. The Borrower:

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

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

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

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

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

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

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

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

(f) Governmental Consent; Project Consistency.

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

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

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

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

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

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

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

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

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

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

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

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

Section 2.02. Particular Covenants of the Borrower.

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

a first-class facility of a similar nature. The Borrower shall maintain or cause to be maintained at its sole cost and expense insurance with respect to the Project, both during its construction and thereafter, against such casualties and contingencies and in such amounts as are customarily maintained by governmental entities similarly situated and as are consistent with sound governmental practice.

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

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

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, the State primary drinking water regulations and with any requirements set forth in the construction and other required 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, unless it is a “disadvantaged community” pursuant to the SDWA, 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 SDWA, 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 SDWA, the Act, and all other applicable State and federal statutes and such rules, regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within nine (9) months of the end of each Fiscal Year (unless such period is changed to comply with terms of the Administration’s financings, or a Requirement, in which case the Administration shall notify the Borrower in writing), the Borrower shall cause

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

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

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

The Administration and the Borrower shall hold and invest Bond Proceeds within their control (if such proceeds are invested) in accordance with the expectations of the Administration set forth in the Section 148 Certificate. If the Administration is of the opinion upon receipt of advice of Bond Counsel that it is necessary further to restrict or limit the yield on the investment of any Bond Proceeds in order to avoid any of the Tax-Exempt Bonds being considered “arbitrage bonds” within the meaning of Section 148, the Borrower shall take such action as is necessary to restrict or limit the yield on such investment, irrespective of whether the Borrower is of the same or a different opinion. Upon the request of the Borrower and receipt of advice of Bond Counsel the Administration may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Administration shall, take such action as is necessary to remove or modify a restriction or limitation on the yield on the investment of any Bond Proceeds that was formerly deemed necessary. The Administration shall incur no liability in connection with action as contemplated herein so long as the Administration acts in good faith.

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

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

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

(m) Additional Disclosure Information. The Borrower agrees to provide the Administration with such information regarding the Borrower and its finances as the Administration may from time to time request. The Borrower further acknowledges that the Administration may issue one or more series of Bonds pursuant to the Indenture, and that any or all of such Bonds may be secured in part by repayments of the Borrower with respect to the Loan. The Borrower accordingly agrees to provide to the Administration such information regarding the Borrower and its finances as the Administration may from time to time request for inclusion in the official statements or other offering documents to be distributed in connection with the sale of any such Bonds or any annual disclosure document or other informational document prepared from time to time by the Administration to be made available to prospective purchasers or holders of any of such Bonds. The Borrower shall also furnish to the Administration at its request a certificate of an Authorized Officer of the Borrower to the effect that any information so provided or included contains no material inaccuracy or omission in light of the purposes for which such information is provided or included. The Borrower agrees to notify the Administration promptly in writing of (a) any changes in the condition or affairs of the Borrower (financial or other) that would cause any information regarding the Borrower so provided or included in an official statement or any subsequent offering document,

annual disclosure document or other informational document of the Administration that the Borrower has had an opportunity to review and certify as to its accuracy, to contain a material inaccuracy or omission in light of the purposes for which such information is so included, and (b) any event set forth in Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C), as such rule may be amended and supplemented.

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

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

Section 3.03. (a) Requisitions and Disbursements. Amounts shall be loaned from time to time to pay, or reimburse the Borrower for the payment of, Eligible Project Costs, upon receipt of requisitions of the Borrower. Each such requisition shall (i) state the names of the payees, (ii) describe in reasonable detail the purpose of each payment, (iii) state the amount of each payment (supported by appropriate paid invoices or other evidence satisfactory to the Administration that the amount requisitioned has been paid or has been incurred by the Borrower and is then due), (iv) state that the amount so requisitioned constitutes a part of the Eligible Project Costs and (v) state that no Default or Event of Default under this Agreement has occurred and is continuing; provided, that this section shall not apply to advances made or deemed to have been made as provided in Section

3.03(c) hereof. In no event shall the Administration be obligated to advance to the Borrower any amount so long as any Default or Event of Default under this Agreement shall have occurred and be continuing. The Administration shall not be required to advance monies on more than one day in each month, and the Administration shall not be required to advance monies for the Project sooner than, or in an amount greater than, the schedule of disbursements for the Project shown on the "Construction Cash Draw Schedule" included in Exhibit C attached hereto. The Administration may require the Borrower to submit requisitions in advance of each such disbursement date in such manner as shall be reasonably acceptable to the Administration.

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

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

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

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

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

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

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

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

(c) Interest During Construction. In the event that the Administration has consented to permit the Borrower to pay interest on the Loan from proceeds of the Loan during all or a portion of the period of time related to construction of the Project (as itemized in Exhibit C) ("Construction Period Interest"), the Administration shall on each February 1 and August 1 during such period advance to the Borrower an amount equal to the interest on the Loan due on such February 1 or August 1 and not theretofore paid by the Borrower. Any such amount of Construction Period Interest advanced by the Administration shall constitute part of the principal amount of the Loan hereunder immediately upon its advance to the Borrower in accordance with this paragraph. Notwithstanding the advance of any Construction Period Interest to the Borrower in accordance with

this Section, the Borrower shall pay directly to the Administration the Administrative Fee on the dates and in the amounts set forth in Section 3.04(c), and no amounts shall be advanced under the Loan for the payment of the Administrative Fee.

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

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

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

(ii) In prescribing the Administrative Fee for a loan with a term of 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. Without limiting the foregoing, the Borrower acknowledges and agrees that monies attributable to the Borrower's Loan Commitment may at the discretion of the Administration be pledged or applied to the payment of Bonds.

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

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

advanced to the Borrower and the amount of the Loan Commitment shall be reduced by an amount equal to the portion of the Loan Commitment not advanced, unless otherwise agreed to by the Administration in writing.

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

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

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

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

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

Section 3.11. Assignment. Neither this Agreement nor the Note may be assigned by the Borrower for any reason without the prior written consent of the Administration. The

Administration may transfer, pledge or assign the Note and any or all rights or interests of the Administration under this Agreement without the prior consent of the Borrower.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

(a) failure by the Borrower to pay any amount required to be paid hereunder or under the Note when due, which failure shall continue for a period of 20 days;

(b) failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Administration, unless the Administration shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Administration will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) if (i) at any time any representation made by the Borrower in Section 2.01(f)(ii) is incorrect, or (ii) any other representation made by or on behalf of the Borrower contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, the Loan Commitment or the Loan, is false or misleading in any material respect on the date on which such representation is made;

(d) if an order, judgment or decree is entered by a court of competent jurisdiction (i) appointing a receiver, trustee, or liquidator for the Borrower; (ii) granting relief in involuntary proceedings with respect to the Borrower under the federal bankruptcy act, or (iii) assuming custody or control of the Borrower under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from the date of entry of the order, judgment or decree; or

(e) if the Borrower (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver, or (v) consents to the assumption of custody or control of the Borrower by any court of competent jurisdiction under any law for the relief of debtors .

Section 4.02. Notice of Default. The Borrower shall give the Administration prompt telephonic notice by contacting the Director of the Administration, followed by prompt written confirmation, of the occurrence of any event referred to in Section 4.01(d) or (e) hereof and of the

occurrence of any other event or condition that constitutes a Default or an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof.

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

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

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

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

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

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

ARTICLE V

MISCELLANEOUS

Section 5.01. Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing. Any such communication shall be sufficiently given and shall be

deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified on Exhibit B attached hereto and to the Administration at Maryland Water Quality Financing Administration, 1800 Washington Blvd., Baltimore, Maryland 21230-1718, Attention: Director.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(SEAL)

WITNESS:

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 _____, 2013

this ____ day of _____, 2013

Local Attorney for
Borrower

Helen E. Akparanta
Senior Counsel/Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

IF THIS PROJECT IS FINANCED WITH THE USE OF FEDERAL FUNDS UNDER CFDA #: 66.468, THE BORROWER MAY BE SUBJECT TO A SINGLE AUDIT TO BE UNDERTAKEN BY AN INDEPENDENT AUDITOR IN ACCORDANCE WITH OMB CIRCULAR A-133. THE BORROWER HEREBY AGREES TO OBTAIN SUCH SINGLE AUDIT, IF REQUIRED BY THE SINGLE AUDIT ACT.

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. The first regularly scheduled payment of interest on the Loan shall be due on _____.
2. The Borrower agrees to comply with the Davis-Bacon Act requirements of Section 4150(e) of the Safe Drinking Water Act for the entirety of construction contract costs of the Project, and shall include specific language regarding compliance in its contracts and subcontracts.

EXHIBIT B
to Loan Agreement

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

DESCRIPTION OF THE LOAN

- (1) Project Name(s): _____
- (2) Maximum Principal Amount of Loan Commitment: \$_____
- (3) Rate of Interest: ____% (*Based upon ____% of the _____ average of the Bond Buyer 11-Bond Index*)
- (4) Amortization Schedule:
 - (a) ____ years
\$1,000 Mini Principal Payment Date: _____
Date of First _____ Amortizing Principal Payments: _____
 - (b) Level Principal ____; or
Level Debt Service _____; or
Other _____
- (5) Annual Administrative Fee: \$_____, beginning August 1, _____.
- (6) Estimated Completion Date of Project(s): _____
- (7) Default Rate: _____% (*Based upon the _____ average of the Bond Buyer 11-Bond Index*)
- (8) Description of Project:

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

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

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

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

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

C. Construction Cash Draw Schedule*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 14 Q2 (Jan 12 – Mar 12)	
FFY 14 Q3 (Apr 12 – June 12)	
FFY 14 Q4 (Jul 12 – Sep 12)	
FFY 15 Q1 (Oct 12 – Dec 12)	
FFY 15 Q2 (Jan 13 – Mar 13)	
FFY 15 Q3 (Apr 13 – June 13)	
FFY 15 Q4 (Jul 13 – Sep 13)	
FFY 16 Q1 (Oct 13 – Dec 13)	

Total Disbursements: \$ _____

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Loan Agreement dated as of _____, 2013 (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 \$ _____ Drinking Water Bond, Series 2013, dated _____, 2013 (the "Note"). The Agreement and the Note are referred to herein collectively as the "Loan Documents". Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF DEDICATED REVENUES*

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

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2013
Dated _____, 2013

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 _____, 2013 (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>
2014		2023	
2015		2024	
2016		2025	
2017		2026	
2018		2027	
2019		2028	
2020		2029	
2021		2030	
2022		2031	

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the [INSERT AUTHORIZED OFFICERS] and the seal of the Borrower has been affixed hereto, attested by the manual signature of the [INSERT AUTHORIZED OFFICER], all as of the __ day of ____, 2013.

(SEAL)

ATTEST:

_____ By: _____
[OFFICER] [OFFICER]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

"Insert Name of Entity"

Dated as of , 2013

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01 Definitions 2
Section 1.02 Rules of Construction 4

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

Section 2.01 Representations of Borrower 5
Section 2.02 Particular Covenants of the Borrower 8

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

ARTICLE V

MISCELLANEOUS

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

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

LOAN AGREEMENT

THIS LOAN AGREEMENT, made this _____ day of _____, 2013 between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and "Insert Name of Entity", a _____ of the State (the "Borrower").

RECITALS

The federal Safe Drinking Water Act ("SDWA"), as amended, authorizes the Environmental Protection Agency ("EPA") to award grants to qualifying States to establish and capitalize State drinking water treatment revolving loan 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 and privately-owned water supply systems.

As contemplated by the SDWA, the General Assembly of the State has amended 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 Drinking Water 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 "water supply system" 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 "water supply system" 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 the SDWA, 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 ensuring that public drinking water remains safe, adequate and affordable, and will further the purposes of the SDWA 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, individual or entity 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.

“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 Drinking Water 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, the State primary drinking water regulations or a condition in a construction permit issued by the Department.

“Safe Drinking Water Act” means Title XIV of the Public Health Service Act, P.L. 93-523, as amended, 42 U.S.C. § 300f, et seq., and the rules and regulations promulgated thereunder.

“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 and 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, the State primary drinking water regulations and with any requirements set forth in the construction and other required 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, unless it is a disadvantaged community pursuant to the SDWA, 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 SDWA, 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 SDWA, 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: _____(SEAL)

Name:
Title:

Name:
Title:

Approved for form and legal sufficiency

Approved for form and legal sufficiency

this ____ day of _____, 2013

this ____ day of _____, 2013

Local Attorney for
Borrower

Helen E. Akparanta
Senior Counsel/Assistant Attorney General

Borrower Name: _____

Address: _____

Attention: _____

Project Name: _____

IF THIS PROJECT IS FINANCED WITH THE USE OF FEDERAL FUNDS UNDER CFDA #: 66.468, THE BORROWER MAY BE SUBJECT TO A SINGLE AUDIT TO BE UNDERTAKEN BY AN INDEPENDENT AUDITOR IN ACCORDANCE WITH OMB CIRCULAR A-133. THE BORROWER HEREBY AGREES TO OBTAIN SUCH SINGLE AUDIT, IF REQUIRED BY THE SINGLE AUDIT ACT.

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. Pursuant to the Safe Drinking Water Act and Section 9-1605.1(d)(8) 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.

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

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 30th 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 1450(e) of the Safe Drinking Water Act for the entirety of construction contract costs of the Project, and shall include specific language regarding compliance in its contracts and subcontracts.

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

DESCRIPTION OF THE LOAN

- (1) Project Name(s): _____
- (2) Maximum Principal Amount of Loan Commitment: \$ _____
- (3) Rate of Interest: 0.00%
- (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(s): _____
- (6) Default Rate: _____% (*Based upon the _____ average of the Bond Buyer 11-Bond Index*)
- (7) Description of Project:

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

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

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

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

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

EXHIBIT C
to Loan Agreement

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

C. Construction Cash Draw Schedule*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 14 Q2 (Jan 12 – Mar 12)	
FFY 14 Q3 (Apr 12 – June 12)	
FFY 14 Q4 (Jul 12 – Sep 12)	
FFY 15 Q1 (Oct 12 – Dec 12)	
FFY 15 Q2 (Jan 13 – Mar 13)	
FFY 15 Q3 (Apr 13 – June 13)	
FFY 15 Q4 (Jul 13 – Sep 13)	
FFY 16 Q1 (Oct 13 – Dec 13)	
Total Disbursements:	\$ _____

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Loan Agreement dated as of _____, 2013 (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 \$ _____ Drinking Water Bond, Series 2013, dated _____, 2013 (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: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF DEDICATED REVENUES*

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

\$(MAX. AMT.)

R-1

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2013
Dated _____, 2013

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 _____, 2013 (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 SAFE DRINKING WATER ACT AND SECTION 9-1605.1(D)(8) 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 [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 _____, 2013.

(SEAL)

ATTEST:

[NAME OF BORROWER]

[AUTHORIZED OFFICER]

By: _____
[AUTHORIZED OFFICER]

Forms of Bonds Related to Drinking Water Loans

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

CITY OF ANNAPOLIS, MARYLAND
DRINKING WATER BOND, SERIES 2013
Dated _____, 2013

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

CITY OF ANNAPOLIS, a municipal corporation created and existing under the laws 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 _____, 2013 (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:

1 This bond is issued pursuant to and in full conformity with the provisions of Sections 31
2 to 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume
3 and 2012 Supplement), as amended, and Article VII, Section 11 of the Annapolis City Charter
4 and the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-
5 1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as amended),
6 and by virtue of due proceedings had and taken by the Borrower, particularly Ordinance No. ____
7 (the "Ordinance") adopted by Borrower.
8

9 This bond, together with the Loan Agreement, evidences the Loan (as defined in the
10 Loan Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In
11 accordance with the Loan Agreement, the principal amount of the Loan, being the amount
12 denominated as principal under this bond, is subject to reduction or adjustment by the
13 Administration in accordance with the Loan Agreement.
14

15 The full faith and credit and unlimited taxing power of the Borrower are hereby
16 irrevocably pledged to the prompt payment of the principal of and interest on this bond
17 according to its terms, and the Borrower does hereby covenant and agree to pay the principal of
18 and interest on this bond at the dates and in the manner prescribed herein.
19

20 This bond is transferable only after the first principal payment date as set forth above or
21 the date upon which the Maximum Principal Amount has been borrowed, whichever is earlier,
22 upon the books of the Borrower at the office of the Director of Finance of the City by the
23 registered owner hereof in person or by his attorney duly authorized in writing, upon surrender
24 hereof, together with a written instrument of transfer satisfactory to the Director of Finance of the
25 City, duly executed by the registered owner or his duly authorized attorney. The Borrower shall,
26 within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in
27 such denominations as the Borrower shall by resolution approve, in an aggregate principal
28 amount equal to the unpaid principal amount of the bond or bonds surrendered and with the
29 same maturities and interest rate. If more than one bond is issued upon any such transfer, the
30 installment of principal and interest to be paid on each such bond on each payment date shall
31 be equal to the product of the following formula: the total installment due on each payment date
32 multiplied by a fraction, the numerator of which shall be the principal amount of such bond and
33 the denominator of which shall be the aggregate principal amount of bonds then outstanding
34 and unpaid. The new bond or bonds shall be delivered to the transferee only after payment of
35 any taxes on and any shipping or insurance expenses relating to such transfer. The Borrower
36 may deem and treat the party in whose name this bond is registered as the absolute owner
37 hereof for the purpose of receiving payment of or on account of the principal hereof and interest
38 due hereon and for all other purposes.
39

40 It is hereby certified and recited that all conditions, acts and things required by the
41 Constitution or statutes of the State of Maryland and the Ordinance to exist, to have happened
42 or to have been performed precedent to or in the issuance of this bond, exist, have happened
43 and have been performed, and that the issuance of this bond, together with all other
44 indebtedness of the Borrower, is within every debt and other limit prescribed by said
45 Constitution or statutes.
46

1 IN WITNESS WHEREOF, this bond has been executed by the facsimile or manual
2 signature of the Mayor of the City and the seal of the Borrower has been affixed hereto, attested
3 by the facsimile or manual signature of the City Clerk, all as of the __ day of ____, 2013.
4

5
6 ATTEST:

CITY OF ANNAPOLIS

7
8
9
10 _____
11 City Clerk

By: _____
Mayor

12
13
14
15 CERTIFICATION OF AUTHENTICATION

16
17 The undersigned hereby certifies that this bond is one of the registered bonds of the City of
18 Annapolis.
19

20 _____
21 _____
22 [Authorized Officer of Bond Registrar]
23

1
2 \$[MAX. AMT.]

R-1

3
4
5 UNITED STATES OF AMERICA
6 STATE OF MARYLAND

7
8 CITY OF ANNAPOLIS, MARYLAND
9 DRINKING WATER BOND, SERIES 2013
10 Dated _____, 2013

11
12
13 PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE
14 BY CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER TO THE
15 REGISTERED OWNER AND IT CANNOT BE DETERMINED FROM THE FACE
16 OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF
17 OR INTEREST ON THIS BOND HAS BEEN PAID.

18
19 REGISTERED OWNER: Maryland Water Quality Financing
20 Administration

21
22 CITY OF ANNAPOLIS, a municipal corporation created and existing under the laws of
23 the State of Maryland (the "Borrower"), hereby acknowledges itself obligated to pay to the
24 Registered Owner shown above, the principal amount of \$_____ (the "Maximum Principal
25 Amount") or so much thereof as shall have been advanced from time to time under the terms of
26 the Loan Agreement dated as of _____, 2013 (the "Loan Agreement") by and between the
27 Borrower and the Maryland Water Quality Financing Administration (the "Administration"), plus
28 interest on the unpaid principal advanced under the terms of the Loan Agreement as provided
29 for herein.

30
31 At any time prior to _____, the principal advanced under the Loan Agreement
32 shall be payable in full on demand by the Administration in accordance with the Loan
33 Agreement and the second succeeding paragraph below, together with interest at the rate of
34 _____ per centum (_____%) per annum accruing from the date on which such demand
35 is made by the Administration.

36
37 If the Administration determines at any time to reduce the maximum amount of the Loan
38 Commitment (as defined in the Loan Agreement) in accordance with Section 3.08 of the Loan
39 Agreement, the Maximum Principal Amount shall be reduced accordingly. Any such reduction
40 shall not affect the obligation of the Borrower to pay the principal of and interest on this bond as
41 and when the same shall become due in accordance with the terms hereof.

42
43 PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION 9-1605.1(D)(8)
44 OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS
45 AMENDED, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE PRINCIPAL
46 AMOUNT OF THE LOAN (AS DEFINED IN THE LOAN AGREEMENT) AND THE INTEREST
47 PAYABLE THEREON UNDER ARTICLE III OF THE LOAN AGREEMENT AND THIS BOND,
48 SO LONG AS THE BORROWER PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER
49 THE LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY
50 SUCH OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT HAVE NOT BEEN
51 PERFORMED BY THE BORROWER, PAYMENT OF THE PRINCIPAL OF THE LOAN AND

1 THE INTEREST THEREON WILL BE DUE AND PAYABLE ON DEMAND. IF THE
2 ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND
3 INTEREST ON THIS BOND PRIOR TO _____, THEN THE ADMINISTRATION
4 SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY
5 THIS BOND AND INTEREST THEREON, THIS BOND SHALL BE DEEMED CANCELLED AND
6 THE LOAN EVIDENCED BY THIS BOND AND THE LOAN AGREEMENT SHALL BE
7 TERMINATED AND OF NO FURTHER FORCE AND EFFECT.
8

9 Both the principal of and interest on this bond will be paid to the registered owner in
10 lawful money of the United States of America, at the time of payment, and will be paid by
11 electronic funds transfer, or by check or draft mailed (by depositing such check or draft,
12 correctly addressed and postage prepaid, in the United States mails before the payment date)
13 to the registered owner at such address as the registered owner may designate from time to
14 time by a notice in writing delivered to the Director of Finance of the City.
15

16 This bond is issued pursuant to and in full conformity with the provisions of Sections 31
17 to 39, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume
18 and 2012 Supplement), as amended, and Article VII, Section 11 of the Annapolis City Charter
19 and the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-
20 1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as amended),
21 and by virtue of due proceedings had and taken by the Borrower, particularly Ordinance No.
22 _____ (the "Ordinance") adopted by Borrower.
23

24 This bond, together with the Loan Agreement, evidences the Loan (as defined in the
25 Loan Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In
26 accordance with the Loan Agreement, the principal amount of the Loan, being the amount
27 denominated as principal under this bond, is subject to reduction or adjustment by the
28 Administration in accordance with the Loan Agreement.
29

30 The full faith and credit and unlimited taxing power of the Borrower are hereby
31 irrevocably pledged to the prompt payment of the principal of and interest on this bond
32 according to its terms, and the Borrower does hereby covenant and agree to pay the principal of
33 and interest on this bond at the dates and in the manner prescribed herein.
34

35 This bond is transferable only after the Maximum Principal Amount has been borrowed
36 upon the books of the Borrower at the office of the Director of Finance of the City by the
37 registered owner hereof in person or by his attorney duly authorized in writing, upon surrender
38 hereof, together with a written instrument of transfer satisfactory to the Director of Finance of the
39 City, duly executed by the registered owner or his duly authorized attorney. The Borrower shall,
40 within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in
41 such denominations as the Borrower shall by resolution approve, in an aggregate principal
42 amount equal to the unpaid principal amount of the bond or bonds surrendered of the same
43 series and with the same maturity and interest rate and the same forgiveness provisions. The
44 new bond or bonds shall be delivered to the transferee only after payment of any taxes on and
45 any shipping or insurance expenses relating to such transfer. The Borrower may deem and
46 treat the party in whose name this bond is registered as the absolute owner hereof for the
47 purpose of receiving payment of or on account of the principal hereof and interest due hereon
48 and for all other purposes.
49

50 It is hereby certified and recited that all conditions, acts and things required by the
51 Constitution or statutes of the State of Maryland and the Ordinance to exist, to have happened

1 or to have been performed precedent to or in the issuance of this bond, exist, have happened
2 and have been performed, and that the issuance of this bond, together with all other
3 indebtedness of the Borrower, is within every debt and other limit prescribed by said
4 Constitution or statutes.

5
6 IN WITNESS WHEREOF, this bond has been executed by the facsimile or manual
7 signature of the Mayor of the City and the seal of the Borrower has been affixed hereto, attested
8 by the facsimile or manual signature of the City Clerk, all as of the __ day of ____, 2013.
9

10
11 ATTEST:

CITY OF ANNAPOLIS

12
13
14
15 _____
16 City Clerk

By: _____
Mayor

17
18
19
20 CERTIFICATION OF AUTHENTICATION

21
22 The undersigned hereby certifies that this bond is one of the registered bonds of the City of
23 Annapolis.

24
25 _____
26 _____
27 [Authorized Officer of Bond Registrar]
28
29
30
31

1
2
3
4
5
6
7

**CITY COUNCIL OF THE
City of Annapolis**

Resolution No. R-47-12

Introduced by: Mayor Cohen

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
10/22/2012	11/05/2012 To be considered jointly with O-39-12.	11/5/12	01/13/2013
Referred to	Referral Date	Meeting Date	Action Taken
Economic Matters	10/22/12	11/19/12	No action taken.
Finance Committee	10/22/12	11/15/12	No action taken.
Financial Advisory Commission	10/22/12	11/19/12	No action taken.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

A RESOLUTION concerning

**A Revision to the Capital Improvement
Budget and Program: FY 2013 to FY 2018**

FOR the purposes of revising the capital improvement budget for the Fiscal Year 2013, and the capital improvement program (Water Treatment Plant) for the six-year period from July 1, 2012, to June 30, 2018.

WHEREAS, Section 6.16.030 of the Code of the City of Annapolis requires the Annapolis City Council to approve the capital improvement program and budget for each fiscal year on a six-year basis; and

WHEREAS, on April 30, 2012, the Annapolis City Council held a public hearing on the budget for the City of Annapolis for the Fiscal Year 2013; and

WHEREAS, the capital improvement budget for the Fiscal Year 2013 and the capital improvement program for the six-year period from July 1, 2012 to June 30, 2018 was prepared and proposed by the Mayor and submitted to the Annapolis City Council for its consideration and approval; and

WHEREAS, on June 4, 2012, the Annapolis City Council considered and approved the capital improvement budget for the Fiscal Year 2013 and the capital improvement program for the six-year period from July 1, 2012, to June 30, 2018;

WHEREAS, on November 5, 2012, the Annapolis City Council shall hold a public hearing on a proposed revision to the capital improvement for the City of Annapolis for

1 the Fiscal Year 2013 and the capital improvement program (Water Treatment
2 Plant) for the six-year period from July 1, 2012 to June 30, 2018 budget, which is
3 attached to this resolution.
4

5 **NOW, THEREFORE, BE IT RESOLVED BY THE ANNAPOLIS CITY COUNCIL** that pursuant
6 to the provisions of Section 6.16.030 of the Code of the City of Annapolis, it hereby adopts the
7 revision to the capital improvement budget for the Fiscal Year 2013, and the Capital
8 Improvement Program for the City of Annapolis for the six year period from July 1, 2012, to
9 June 30, 2018, a copy of which is attached to this Resolution and is made part hereof.

10
11 **AND, BE IT FURTHER RESOLVED BY THE ANNAPOLIS CITY COUNCIL** that the Budget for
12 the Capital Improvement Program for the Fiscal Year 2013, which is attached to this Resolution
13 and made a part hereof, be and the same is hereby adopted and approved.
14

15
16 **ADOPTED** this _____ day of _____, 2012.
17
18

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY

Regina C. Watkins-Eldridge, MMC, City Clerk

Joshua J. Cohen, Mayor

EXPLANATION:

CAPITAL LETTERS indicate matter added to existing law.

[Brackets] indicate matter deleted from existing law.

Underline indicates amendments.

19
20
21
22
23
24
25
26
27

1
2
3
4
5
6
7

**CITY COUNCIL OF THE
City of Annapolis**

Ordinance No. O-43-12

Introduced by: Mayor Cohen

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
12/17/12			03/10/13
Referred to	Referral Date	Meeting Date	Action Taken
Rules and City Gov't			
Economic Matters			

8
9 **An ORDINANCE** concerning

10 **Lease of Public Parking Lots to FRESHFARM Markets, Inc.**
11

12 **FOR** the purpose of authorizing a lease of municipal property located at 110 Compromise
13 Street from May 5, 2013 through November 24, 2013 to FRESHFARM Markets, Inc.

14
15 **WHEREAS,** FRESHFARM Markets, Inc. ("Lessee"), desires to lease certain municipal
16 property for the purpose of conducting an open-air farmers market; and
17

18 **WHEREAS,** the Annapolis City Council finds that a farmers market would be a desired public
19 mercantile use for City residents; and
20

21 **WHEREAS,** a lease setting forth terms of the rental has been prepared and is considered
22 satisfactory; and
23

24 **WHEREAS,** the Annapolis City Council finds that the lease of the property is authorized by
25 Section 7.28.010 of the Annapolis City Code; and
26

27 **WHEREAS,** the Annapolis City Council finds that the lease of the property for a farmers
28 market will better serve the public need for which the property was acquired; and
29

30 **WHEREAS,** Article III, Section 8 of the Charter of the City of Annapolis requires the passage
31 of an ordinance to authorize the leasing of City-owned property.
32

33 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**
34 **COUNCIL** that the proposed Lease Agreement between the City of Annapolis and Lessee for
35 the rental of certain municipal property located at 110 Compromise Street, also known as the
36 Donner Lot and the Public Parking Lot between the Fleet Reserve and the site formerly known
37 as Fawcett Boat Supplies, from May 5, 2013 to November 24, 2013, a copy of which is attached

1 hereto and made a part hereof, is hereby approved, and the Mayor is authorized to execute the
2 Lease Agreement on behalf of the City of Annapolis.

3
4 **SECTION II: AND, BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
5 **ANNAPOLIS CITY COUNCIL** that pursuant to Section 6.04.210D3 of the City Code, the
6 Annapolis City Council hereby waives that portion of each monthly fee for permits and approvals
7 in excess of \$50.00 associated with Lessee's use of City facilities and services in connection
8 with the use of the property, except as otherwise specified in the Lease Agreement.

9
10 **SECTION III: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
11 **ANNAPOLIS CITY COUNCIL** that this Ordinance shall take effect from the date of its passage.

12
13
14
15 **ADOPTED** this _____ day of _____, _____.

16
17
ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY

Regina C. Watkins-Eldridge, MMC, City Clerk

Joshua J. Cohen, Mayor

18
19 **EXPLANATION**

20 CAPITAL LETTERS indicate matter added to existing law.

21 [brackets] indicate matter stricken from existing law.

22 Underlining indicates amendments.

LEASE

Authorized by O-43-12

This Lease is made this ____ day of _____, 2013, by and between the City of Annapolis, a municipal corporation of the State of Maryland ("Lessor") and Freshfarm Markets, Inc., a Washington, D. C. non-profit corporation ("Lessee").

Whereas, the Lessee is a regionally recognized nonprofit organization building a vibrant local food movement in the greater metro DC area that supports the region's farmers; and

Whereas, the Lessee's mission is to connect city dwellers with farmers and their locally-grown food, to educate the public about food and farming issues and to provide economic opportunities for farmers; and

Whereas, the parties desire to enter into a lease for that purpose and to set forth their respective responsibilities; and

Whereas, the City is authorized to lease land pursuant to Article III, Section 8, of the City Charter to better serve the public need for which the land was acquired.

Now, therefore, in consideration of these premises and the mutual terms and conditions of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Premises and Term

a. The Lessor leases to the Lessee, and the Lessee leases from the Lessor, for the purpose of holding the Annapolis City Dock Fresh Farm Market, that land known as the Donner Parking Lot and Public Parking Lot between the Fleet Reserve and property owned by Chandler, LLC, as shown in Exhibit A attached to this Agreement ("Premises"), each and every Sunday from May 5, 2013 through November 24, 2013, from 6 am to 2 pm, except September 29, 2013 and October 13, 2012, when the Lessee shall not have access to the Premises during the Sundays of the United States Sailboat and Power Boat Shows.

2. Rent

a. Rent shall be Fifty Dollars (\$50.00) per month.

b. Pursuant to City Code, Section 6.04.210.D.3., the Lessor hereby waives any additional rent, including but not limited to fees for traffic control services if any are provided, parking meters authorized for use by Lessee, inspections, permit applications and rental beyond that stated above, except as provided herein.

3. Use of Premises

1 a. The Premises may be used by the Lessee for activities authorized by the Lessee
2 and identified in this Lease.

3
4 b. This Lease in no way creates an obligation upon the Lessor to furnish any
5 services, materials or equipment for the Lessee's farmer's market, except as specifically
6 provided in this Lease.

7
8 4. Exhibitors

9
10 a. The Lessee shall provide to the Lessor, not later than May 1, 2013, a complete list
11 of all exhibitors, vendors displays, activities, festivities, and operations associated with this
12 Lease, which shall not be amended without the Lessor's written consent.

13
14 b. The Lessee shall use its best efforts to contract with Annapolis/Anne Arundel
15 County area farmers in all matters related to the farmers market.

16
17 5. Licenses/Taxes

18
19 a. Exhibitors or vendors who are permitted to sell any item at the farmers market
20 shall obtain and produce to the Lessor upon request all required non-City licenses and pay all
21 required Federal, State, County and City taxes and fees.

22
23 b. The Lessee shall satisfy any of the Lessor's licensing requirements for such
24 exhibitors or vendors.

25
26 6. Transportation & Parking Plan

27
28 a. The Lessee shall prepare and submit to the Lessor's Director of Transportation,
29 no later than May 1, 2013, a transportation plan with a parking element, which shall address
30 matters specified by the Director.

31
32 b. Except for public ways within the Premises, the plan shall not provide for the
33 closure of any street or restrict parking to those associated with the farmers market.

34
35 c. Upon receipt of the plan, the Director shall make copies available to relevant
36 agencies and to interested parties who have requested a copy and shall arrange for a meeting,
37 if determined to be necessary by the Director, with relevant agencies and representatives of
38 interested parties to review the plan.

39
40 d. The Director shall approve the plan before this Lease commences.

41
42 7. Pre-Market Inspection

43
44 a. Before the farmers market opens to the public, the Lessee's representative shall
45 meet with representatives of Lessor's Police Department, Fire Department, Emergency
46 Management, Harbormaster, Department of Central Services, Department of Neighborhood and
47 Environmental Programs and Department of Public Works to inspect the Premises and nearby
48 areas to determine compliance with the Lessor's requirements.

1
2
3 b. Written approval by all such representatives is required before the Lessee may
4 open the farmers market to the public.

5
6 c. The Lessor shall not unreasonably refuse permission to open the farmers market
7 unless a threat to health or safety has been identified by the Lessor to the Lessee.

8
9 d. Following the pre-market inspection, at all times during this Lease, the Lessee
10 shall promptly comply with all reasonable directives of the Lessor which the Lessor determines
11 in its sole discretion are necessary to bring the Lessee and activities on the Premises into
12 compliance with this Lease, the City Code, and the Lessor's public safety requirements.

13
14 8. Interior Construction.

15
16 a. The Lessee shall have the right to construct, install or erect upon the Premises
17 such seats, booths, tents, exhibits and any other apparatus or structure which the Lessee may
18 deem necessary or desirable for purposes related to this Lease.

19
20 b. The Lessee shall not enclose the Premises in such a manner as to limit entry onto
21 the Premises or any part thereof.

22
23 9. Permits

24
25 a. The Lessee shall obtain any and all zoning permits, licenses and authorizations
26 required to be obtained from the Lessor for the purpose of constructing or erecting temporary
27 structures on the Premises and for operating the farmers market.

28
29 b. All other Federal, State or County permits which may be required shall be the
30 responsibility of Lessee.

31
32 10. Alcohol

33
34 a. There shall be no beer, wine or liquor consumption or other open containers of
35 alcoholic beverages on the Premises.

36
37 11. Food Sales

38
39 a. The Lessee may offer traditional farmers market food, beverages and produce for
40 sale during hours of operation.

41
42 12. Music

43
44 a. The Lessee may play non-amplified music during the hours of operation.

45
46 13. Conduct of Operations

47
48 a. The Lessee shall conduct its operations in an orderly and commercially

1 reasonable manner so as not to annoy, disturb, whether by noise or otherwise, endanger or be
2 offensive to others.

3
4 b. The Lessee shall use and maintain the Premises in such manner so as to avoid
5 the creation of any nuisance from obnoxious odors, smoke, noxious gases, vapors, dust, noise
6 or otherwise, and shall not keep, store, display or use any explosives or explosive devices at the
7 Premises.

8
9 c. The Lessee shall maintain the Premises in a clean, orderly and safe condition so
10 as to avoid injury to persons and property.

11
12 d. If the Lessee fails to comply with the terms of this provision, the Lessor shall have
13 the authority to require the Lessee to immediately cease and desist all activities and operations
14 on the Premises and may immediately declare the Lessee in breach of this Lease and
15 immediately terminate this Lease without prior notice to the Lessee.

16
17 14. Trash and Recycling

18
19 a. The Lessee, at its sole expense, shall provide the number of trash and recycling
20 containers within the Premises as required by the Lessor's Director of Public Works in his sole
21 discretion during this Lease and shall provide for the prompt removal of these containers by
22 contractors approved by the Lessor.

23
24 b. The Lessor, if necessary, shall aid the Lessee in obtaining trash and recycling
25 containers.

26
27 15. Cleanliness

28
29 a. The Lessee, at its sole expense, shall be responsible for keeping the Premises
30 free of trash and shall place all in trash containers.

31
32 b. The Lessee shall at all times police the Premises for trash removal.

33
34 16. Security Services

35
36 a. The Lessee shall be solely responsible for security within the Premises during
37 hours of operation.

38
39 b. The Lessee shall establish a security liaison with the Lessor's Police Department
40 and coordinate all Premises security with the Lessor's Police Department according to it
41 requirements.

42
43 c. In addition to such other requirements as the Lessor's Police Department may
44 impose, the Lessee shall, at its sole expense, hire licensed professional security officers who
45 shall provide security within the Premises during hours of operation at such staffing levels as the
46 Lessor's Police department may, in its sole discretion, require.

47

1 d. The Lessee shall produce to the Lessor at any time the Lessor requests all
2 credentials of the security officers retained by the Lessee and may reject the hiring or retention
3 of any security officer for reasonable cause.
4

5 17. Fire Services
6

7 a. Following the erection of all booths and other structures at the Premises, but
8 before the farmers market opens to the public, the parties shall meet at the Premises to assure
9 compliance with the Lessor's Fire Department regulations and accessibility of fire lanes and
10 turning radius.
11

12 18. Utility Services
13

14 a. The Lessor shall make available to the Premises existing water and electricity
15 facilities.
16

17 b. The Lessee, at its own expense, shall install any temporary electrical equipment,
18 lines and devices required to provide power to the Premises, in compliance with the City Code
19 and the National Electric Code.
20

21 c. The Lessee shall not operate any such equipment, lines or devices until inspected
22 and approved by the Lessor's Department of Neighborhood and Environmental Programs.
23

24 19. Other Services
25

26 a. The parties, if necessary, shall coordinate other services in advance of the term of
27 this Agreement.
28

29 20. Removal of Lessee's Property
30

31 a. No later than 1 p.m. of every market day, the Lessee shall remove all of its
32 property from the Premises with the exception of such signs as approved by the Lessor's
33 Historic Preservation Commission.
34

35 b. If the Lessee fails to remove any of its property, either during or at the termination
36 of this Lease, the Lessor reserves the right to remove and store it at the Lessee's sole expense
37 or, as an alternative, to leave it at the Premises.
38

39 c. In either case, the Lessor shall charge the Lessee a per diem rental for storage of
40 its property at a rate generally charged by private storage companies in Anne Arundel County,
41 Maryland.
42

43 d. The Lessor shall bear no responsibility or liability for damage to or expense
44 incurred as a result of property left, removed or stored under the provisions of this paragraph.
45

46 e. The Lessee shall pay to the Lessor any expenses or charges under this paragraph
47 within 30 days after delivery of any bill by the Lessor to the Lessee.

1 f. If any property is not claimed by the Lessee within 60 days after the termination of
2 this Lease, the Lessor, in its sole discretion, may sell such property at private or public sale
3 under such terms as the Lessor may deem appropriate and apply such proceeds as it may
4 deem appropriate in its sole discretion.

5
6 21. Liens
7

8 a. The Lessee hereby consents to and the Lessor shall have a lien upon all goods,
9 personal property and fixtures of the Lessee located upon the Premises for any and all unpaid
10 rent or charges which arise under this Lease.

11
12 b. The Lessee hereby consents to and the Lessor shall have the power to impound
13 and retain possession of such goods, personal property and fixtures until all such rent and
14 charges due under this Lease have been paid, in full, to the satisfaction of the Lessor.

15
16 c. If such charges remain unpaid 30 days after the termination of the term of this
17 Lease, the Lessor shall have the power to sell such property at public auction and apply the
18 receipts from such auction to all such unpaid charges.

19
20 22. Quiet Enjoyment
21

22 a. As long as the Lessee is not in material breach of this Lease, the Lessee shall be
23 entitled to peacefully hold and quietly enjoy the Premises in a manner consistent with and
24 subject to this Lease without any disturbance or hindrance from the Lessor or from any other
25 person claiming through the Lessor, except that the Lessor or others claiming through the
26 Lessor may enter onto the Premises to effect necessary repairs to their own facilities for public
27 safety and City Code compliance reasons.

28
29 b. The Lessee shall cooperate with the Lessor to effect this access to the Premises.
30

31 23. Payment
32

33 a. The Lessee shall make all payments due under this Lease by check, payable to
34 the City of Annapolis, and deliver the payments to the Lessor's Director of Finance, 160 Duke of
35 Gloucester Street, Annapolis, Maryland, 21401.

36
37 b. In addition to all other amounts due pursuant to this Lease, the Lessee shall pay
38 the Lessor a monthly late fee of 1.5% (18% per annum) of any payment required that is more
39 than 60 days past due, until paid.
40

41 24. Remedies
42

43 a. Any and all duties, liabilities and/or obligations imposed upon or assumed by the
44 Lessee by this Lease shall be taken or construed as cumulative and not as a limitation or
45 restriction upon any or all of the other duties, liabilities, or obligations imposed upon or assumed
46 by Lessee under this Lease.

47 b. All remedies allowed by this Lease shall be construed to be cumulative and in
48 addition to any other remedies provided in law or equity.

1
2 c. The parties shall have the right to seek and obtain in any court of competent
3 jurisdiction an injunction, without the necessity of posting a bond, to restrain a violation by the
4 other party of any term of this Lease.

5
6 d. In no case shall a waiver by either party of the right to seek a remedy under this
7 paragraph constitute a waiver of any other or further such right.

8
9 25. Venue, Waiver of Jury Trial and Governing Law

10
11 a. Venue for all administrative and judicial proceedings which result from this Lease
12 shall be the courts of Anne Arundel County, Maryland.

13
14 b. The parties hereby expressly waive trial by jury in any such judicial proceeding.

15
16 c. The laws of the State of Maryland shall govern all matters relating to this
17 Agreement.

18
19 26. Authority to Lease.

20
21 a. If it is ever determined by a court of competent jurisdiction that the Lessor lacks
22 the authority to lease any portion or all of the Premises, the Lessor shall not be liable for any
23 losses or damages sustained by the Lessee as a result thereof.

24
25 27. Impossibility of Performance

26
27 a. If, for any reason, an unforeseen event not the act of the Lessor occurs, including
28 but not limited to flood, severe weather, fire, casualty, act of God, labor strike or other
29 unforeseen occurrence which renders use of the Premises impossible for any period of this
30 Lease, the Lessee shall have no right to any claim for damages against the Lessor, but the
31 Lessee shall not be liable for the payment of rent for the period that it cannot use the Premises.

32
33 28. Insurance

34
35 a. The Lessee shall, at its own expense, obtain and keep in full force and effect a
36 policy of comprehensive commercial general liability insurance for all loss, costs, damages and
37 expenses suffered by any person due to personal injury arising out of the activities permitted by
38 this Lease in the amount of One Million Dollars (\$1,000,000.00) per person and Three Million
39 Dollars (\$3,000,000.00) in the aggregate per occurrence, and One Million Dollars
40 (\$1,000,000.00) for damage to any property, including the Premises and property owned by
41 Lessor, due to or alleged to be due to (1) an act, omission or the negligence of the Lessee, its
42 officers, agents, employees contractors, patrons, guests or invitees, or (2) to the use of the
43 Premises or any part thereof by the Lessee, its officers, agents, employees, contractors,
44 patrons, guests or invitees.

45
46 b. The insurance policy shall specifically name the City of Annapolis, and in their
47 capacity as such, the Mayor, council members, department directors, and all other officers,
48 employees, contractors and agents of the City of Annapolis, as additional insureds.

1
2 c. The insurer shall be authorized to write the required insurance, approved by the
3 Insurance Commissioner of the State of Maryland, and subject to the reasonable approval of
4 Lessor's City Attorney.

5
6 d. The form and substance of the policy shall be subject to reasonable approval by
7 Lessor's City Attorney and shall be submitted to the City Attorney for such approval not later
8 than May 1, 2013.

9
10 e. The policy or the Certificate for the policy shall contain a statement that the insurer
11 shall not cancel the policy or fail to renew the policy, whether for nonpayment of premium, or
12 otherwise, whether at the request of the Lessee or for any other reason, except after 30
13 calendar days advance written notice sent by the insurer to the City Attorney by certified mail,
14 postage prepaid, with return receipt requested.

15
16 f. If the policy is cancelled during the term of this Lease and the Lessee is unable to
17 obtain an equivalent policy, the Lessor may immediately declare Lessee in breach of this Lease
18 and immediately terminate this Lease without prior notice to Lessee.

19
20 29. Vendor Insurance

21
22 a. The Lessee shall provide documentation to the Lessor's City Attorney not later
23 than May 1, 2012, that each participating vendor at the farmers market is adequately covered to
24 the satisfaction of the City Attorney by general and product liability insurance.

25
26 b. All terms that apply in paragraph 17 shall apply in this paragraph.

27
28 c. For vendors added after May 1, 2013, the Lessee shall provide the same
29 documentation at least one full calendar week prior to the commencement date of the vendor's
30 participation in the farmers market and such vendors shall not be permitted to participate in the
31 farmers market until the City Attorney approves the policy.

32
33 30. Indemnification

34
35 a. The Lessee shall forever indemnify, defend and hold the Lessor, its Mayor, council
36 members, department directors, and all of its other officers, employees, contractors and agents
37 harmless from and against any and all claims, suits, actions, judgments, and liability for loss,
38 injury, damages and/or expenses suffered or alleged to have been suffered by any person or to
39 the Premises or to any property due to or alleged to be due to (1) an act, omission or the
40 negligence of the Lessee, its officers, agents, employees, contractors, patrons, guests or
41 invitees, or (2) the use of the Premises or any part thereof by the Lessee, its officers, agents,
42 employees, contractors, patrons, guests or invitees.

43
44 b. The Lessee shall reimburse the Lessor, within 30 days after demand for such
45 reimbursement, for any damage done to the Lessor's buildings, facilities, equipment or property
46 caused by the negligence of the Lessee, its officers, agents, employees, contractors, patrons,
47 guests or invitees during the Lessee's use and/or occupancy of the Premises or any part thereof
48 or to any other property.

1
2 c. Such indemnification does not limit any immunity to which the Lessor or its Mayor,
3 council members, department directors and all of its other officers employees, contractors and
4 agents, and includes all costs and expenses, including attorney's fees, whether or not related to
5 administrative or judicial litigation.
6

7 31. Immunities
8

9 a. The Lessor reserves any and all immunities, partial or total, statutory or common
10 law, in any proceeding related to this Lease, to the activities referred to in this Lease or to the
11 use of the Premises or any part thereof before, during or after the term of this Lease. Such
12 reservation of rights shall extend to any claim made by or through the Lessee and to any claim
13 made by or through any third party
14

15 32. Assignment
16

17 a. The Lessee shall not assign or transfer its interest in or its rights or obligations
18 pursuant to this Lease without the prior written consent of the Lessor.
19

20 33. Non Agent
21

22 a. The Lessee acknowledges it is an independent contracting party and not the
23 agent or employee of Lessor.
24

25 34. Compliance with All Laws
26

27 a. The Lessee shall comply with all laws, ordinances and statutes applicable to the
28 Premises, or any part thereof, and the use thereof, and to pay all taxes or charges imposed by
29 law in connection with Lessee's use and occupancy of the Premises.
30

31 35. Contact Persons
32

33 a. For purposes of coordinating inspections, providing notices and other matters set
34 forth under this Lease, except as otherwise provided, the parties designate the following contact
35 persons:
36

37 Lessor: Department of Neighborhood and
38 Environmental Programs
39 City of Annapolis
40 160 Duke of Gloucester Street
41 Annapolis, Maryland 21401
42 Phone No. 410-263-7946
43
44 Lessee: FRESHFARM Markets Inc
45 PO Box 15691
46 Washington, DC 20003
47 Attention; Ann Harvey Yonkers
48 Phone No. 202-362-8889

1
2 36. General Powers
3

4 a. Nothing herein shall be construed to preclude the Lessor from exercising its
5 general public safety powers as it deems appropriate to protect the public safety, interest and
6 welfare.
7

8 37. Termination for Breach or Violation
9

10 a. The Lessor shall be entitled to immediately terminate this Lease for any breach or
11 violation by the Lessee of this Lease.
12

13
14 38. Termination for Other Reasons
15

16 a. If the Lessor, in its sole discretion, determines that, for purposes and
17 conveniences related to the public interest of the City of Annapolis, it is necessary to terminate
18 this Lease before the end of its term, the Lessor shall provide 30 days written notice, by certified
19 mail, postage prepaid, to the Lessee to vacate, and shall be entitled to take possession and
20 control of the Premises immediately upon the 31st day after such notice.
21

22 b. The Lessee shall comply with all terms of this Lease that otherwise relate to its
23 vacating the Premises upon the expiration of the Lease.
24

25 c. The Lessor shall make reasonable attempts to relocate the Lessee's farmers
26 market to another location for the balance of the term of this Lease.
27

28 d. If Lessee does not accept any relocation offered by the Lessor with 7 days of the
29 date offered, this Lease shall terminate at such time.
30

31 39. Condition of Premises At End of Lease
32

33 a. At the end of this Lease, the Lessee, at its sole expense, shall return the Premises
34 to the same or superior condition than received, natural wear and tear excepted.
35

36 40. Time is of the Essence
37

38 a. Time is of the essence in the performance of this Lease.
39

40 b. Time for performance shall not be extended for any reason, except by mutual
41 agreement of the parties.
42

43 41. Modifications
44

45 a. The parties may, at any time, in writing, mutually modify only the following terms
46 of this Lease:
47

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

Notary Public
My Commission expires:

Witness By: Bernadine Prince, (Seal)
Co-Director

State of Maryland, County of Anne Arundel, to wit:

I hereby certify that on this ____ day of _____, 2013, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Bernadine Prince, known to me or satisfactorily proven to be the person who has signed this Agreement, and she has signed this Agreement in my presence and acknowledged that she is co-Director of Freshfarm Markets, Inc., and authorized to sign this Agreement on its behalf and to bind it thereby, and that this Agreement is her free and voluntary act and the free and voluntary act of Freshfarm Markets, Inc. made for the purposes set forth therein.

Witness my signature and Notary Seal.

Notary Public
My Commission expires:

ATTEST: City of Annapolis

Regina C. Watkins-Eldridge, MMC By: Joshua J. Cohen, Mayor (Seal)
City Clerk

State of Maryland, County of Anne Arundel, to wit:

I hereby certify that on this ____ day of _____, _____, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Joshua J. Cohen, known to me or satisfactorily proven to be the person who has signed this Agreement, and he has signed this Agreement in my presence and acknowledged that he is the Mayor of the City of Annapolis and authorized to sign this Agreement on its behalf and to bind it thereby, and that this Agreement is his free and voluntary act and the free and voluntary act of the City of Annapolis made for the purposes set forth therein.

Witness my signature and Notary Seal.

Notary Public

My Commission expires:

1
2
3
4
5
6
7
8
9
10
11

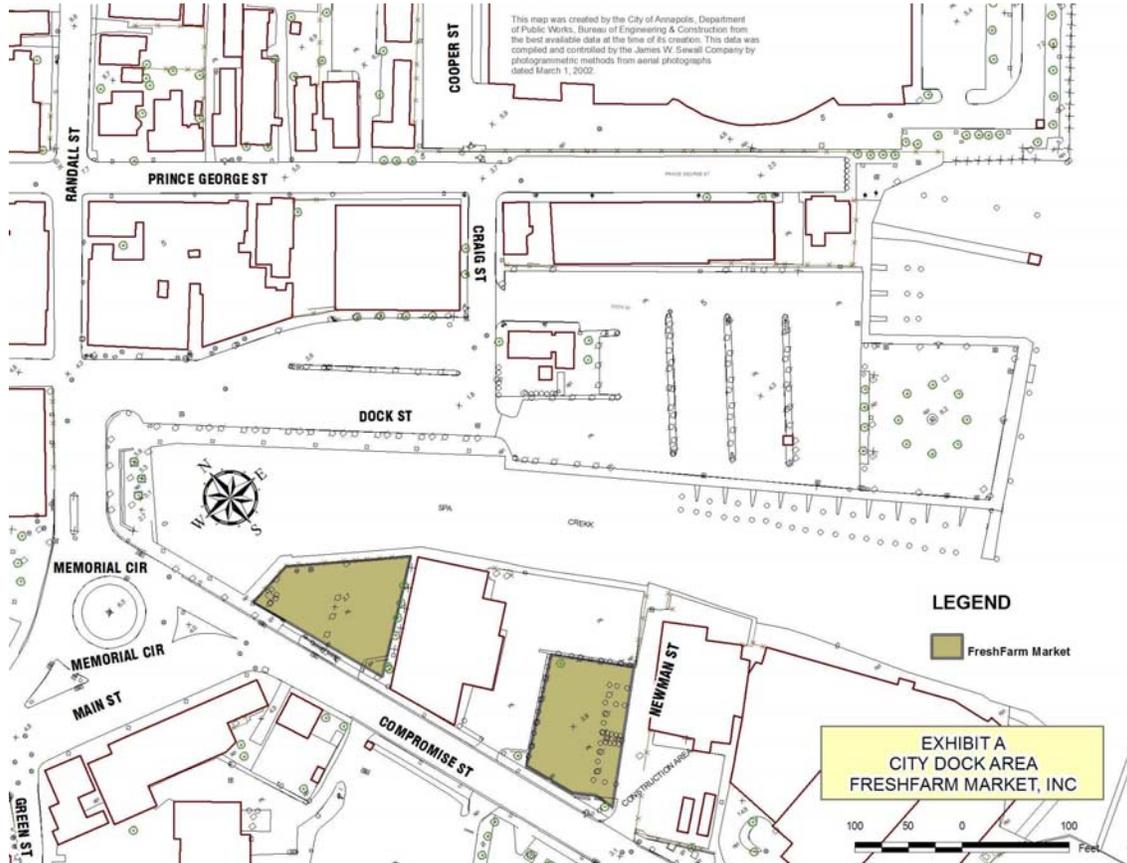
Approved for form and legal sufficiency:

Karen M. Hardwick, City Attorney

Date:

Lease of the Donner Lot to FRESHFARM Markets Inc.

Attachment A



Policy Report

Ordinance O-43-12

Lease of Public Parking Lots to FRESHFARM Markets, Inc.

O-43-12 authorizes a lease of municipal property located at 110 Compromise Street from May 5, 2013 through November 24, 2013 to FRESHFARM Markets, Inc. 110 Compromise Street is also known as the Donner Lot and the Public Parking Lot between the Fleet Reserve and the site formerly known at Fawcett Boat Supplies. FRESHFARM Markets, inc. desires to lease the property for the purpose of conducting an open-air farmers market.

Prepared by Carol Richardson, Legislative and Policy Analyst Office of Law, cdrichardson@annapolis.gov, 410-263-1184.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

**CITY COUNCIL OF THE
City of Annapolis**

Resolution No. R-50-12

Introduced by: Mayor Cohen

LEGISLATIVE HISTORY			
<i>Legislative referrals are subject to City Council action at the time of introduction and are reflected in the City Council's adopted minutes</i>			
First Reading	Public Hearing	Fiscal Impact Note	90 Day Rule
12/17/12			01/21/13
Referred to	Referral Date	Meeting Date	Action Taken
Rules and City Government			

A RESOLUTION concerning

Public Information

FOR the purpose of adopting formal administrative regulations that govern timely production and inspection of public records.

WHEREAS, the adoption of such regulations is required by The Maryland Public Information Act codified at MD. CODE ANN. STATE GOV'T. ART., Sec. 10-611, et seq. (2012).

WHEREAS, the attached regulations were posted on the City of Annapolis website on December 13, 2012;

BE IT RESOLVED BY THE ANNAPOLIS CITY COUNCIL that the administrative regulations attached to this resolution shall be, and the same hereby are, the rules and regulations for the City of Annapolis governing responses to requests for public information under the Maryland Public Information Act codified at MD. CODE ANN. STATE GOV'T. ART., Sec. 10-611, et seq. (2012).

BE IT FURTHER RESOLVED BY THE ANNAPOLIS CITY COUNCIL that the administrative regulations attached to this resolution shall be effective immediately upon adoption of said resolution and shall be posted on the City's website at <http://www.annapolis.gov> not less than four weeks after adoption.

ADOPTED this _____ day of _____, _____.

ATTEST:

THE ANNAPOLIS CITY COUNCIL

BY _____

1
2
3
4
5
6
7
8
9
10
11
12
13

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.
[brackets] indicate matter stricken from existing law.
Underlining indicates amendments.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55

CITY OF ANNAPOLIS
REGULATIONS GOVERNING
MARYLAND PUBLIC INFORMATION ACT REQUESTS

1. Scope.

These regulations set forth procedures for filing and processing requests to the City of Annapolis for inspection and/or copying of public records in accordance with the Maryland Public Information Act. Authority: MD. ANN. CODE. STATE GOV'T. ART. Sec. 10-613 (2012).

2. Policy.

It is the policy of the City of Annapolis to facilitate access to public records when access is allowed by law, and to minimize costs and time delays to applicants.

3. Definitions.

In these regulations, the following terms have the meanings indicated:

- (1) "Act" means the Public Information Act, State Government Article, Sections 10-611 through 10-630, Annotated Code of Maryland.
- (2) "Applicant" means a person or governmental unit that asks to inspect a public record.
- (3) "Department" means a Department of the City of Annapolis.
- (4) "Custodian" means any authorized individual of a Department of the City of Annapolis who has physical custody and control of a public record.
- (5) "Official Custodian" means the officer or employee of the City who, whether or not has physical custody and control of a public record, is responsible for keeping the public record.
- (6) "Public record" has the meaning stated in Section 10-611 of the Act.
- (7) "Working day" means a day other than Saturday, Sunday, or a Federal, State or City holiday.

4. The City Attorney as Official Custodian.

The City Attorney is the Official Custodian of the public records of the City of Annapolis.

5. Who May Request Records.

Any person may request to inspect or copy public records of the City of Annapolis.

6. Necessity for Written Request.

A. Except as otherwise provided in these regulations, the Custodian may make public records of the Department available for inspection by an applicant without requiring a written request.

B. The Custodian shall require a written request if the Custodian reasonably believes that:

- (1) The Act or any other law may prevent the disclosure of the public record to the applicant; or

1 (2) A written request will materially assist the Department in responding.
2
3

4 7. Contents of Written Request.
5

6 A written request shall:
7

- 8 (1) contain the applicant's name, address, telephone number and/or e-mail address;
9 (2) be signed and dated by the applicant; and
10 (3) reasonably identify, by brief description, the public record being sought.
11

12
13 8. Addressee.
14

15 A request to inspect or copy a public record of a particular Department shall be addressed to the
16 Custodian of records for that Department. If the Custodian of records is unknown, a request may be
17 addressed to the Official Custodian at: Office of Law, 93 Main Street, Suite 300, Annapolis, Maryland
18 21401.
19

20
21 9. Response to Request.
22

23 A. Grant of Request. A Custodian who grants a request for inspection shall produce the
24 public record:
25

- 26 (1) Immediately; or
27 (2) Within a reasonable time period, if that period of time is required to retrieve the public
28 record and conduct any necessary review, but not to exceed 30 days after receipt of the
29 application.
30

31 B. Denial of Request. A Custodian who denies a request for inspection shall:
32

- 33 (1) promptly notify the applicant; and
34 (2) within 10 working days, give the applicant a written statement that states:
35
36 (a) the reasons for the denial;
37 (b) the legal basis for the denial; and
38 (c) notice of the remedy for review of the denial.
39

40 C. If a requested public record is not in the custody or control of the Custodian, the
41 Custodian shall within 10 working days after receipt of the request, notify the applicant:
42

- 43 (1) that he/she does not have custody or control of the public record; and
44 (2) if known, provide the name and/or location of the Custodian of the public record to the
45 applicant.
46

47 D With the consent of the applicant, any time limit imposed by Sections 9.A through 9.C of
48 these regulations may be extended for an additional period of up to 30 days.
49

50
51 10. Notice to Persons Potentially Affected by Disclosure.
52

53 A. Unless prohibited by law, the Custodian may provide notice of a request for inspection or
54 copying of any public record of the City of Annapolis to any person who, in the judgment of the Custodian,
55 could be adversely affected by disclosure of that public record.
56

1
2 11. Public Record Temporarily Unavailable.
3

4 A. If a requested public record of the City of Annapolis is in the custody and control of the
5 Custodian to whom application is made but is not immediately available for inspection or copying, the
6 Custodian shall promptly:

- 7
8 (1) Notify the applicant that the public record is not immediately available; and
9 (2) Schedule a date within a reasonable time for inspection or copying or when it will be
10 provided.
11

12 12. Public Record Destroyed or Lost.
13

14 A. If the person to whom application is made knows that a requested public record of the
15 City of Annapolis has been destroyed or lost, that person shall promptly:

- 16
17 (1) Notify the applicant that the public record has been destroyed or lost; and
18 (2) if know, explain the reason why the public record has been destroyed or
19 lost.
20
21

22 13. Review of Denial.
23

24 If the Custodian denies a request to inspect or copy a public record of the City of Annapolis, the
25 applicant may, within 30 days after receipt of the notice of denial, file a Petition for Judicial Review in the
26 Circuit Court for Anne Arundel County pursuant to the Annotated Code of Maryland, State Gov't Art.,
27 Section 10-623 and in accordance with the Maryland Rules of Procedure, Title 7.
28
29

30 14. Fees.
31

32 A. The fee schedule for copying and certifying copies of public records of the City of
33 Annapolis is as follows:
34

- 35 (1) Each copy made on 8½ x 11" paper by City personnel is 24 cents per page. No charge
36 shall be made if the total fee is \$1 or less.
37 (2) Each copy made by an outside private facility shall be based on the actual cost of
38 reproduction.
39 (3) Upon request, a copy of a public record may be certified by the City Clerk as a true test
40 copy for an additional fee of \$1.00 per page.
41

42 B. Notwithstanding Section 14.A of these regulations, if the fee for copies or certified copies
43 of any public record of the City of Annapolis is specifically set by a law other than the Act or these
44 regulations, the Custodian shall charge the prescribed fee.
45

46 C. If the Custodian cannot copy a public record within his/her Department, the Custodian
47 shall make arrangements for reproduction of the record at an outside private facility. The Custodian shall
48 direct the applicant to pay the cost of reproduction directly to the facility making the copy.
49

50 D. Before copying a public record for an applicant, the Custodian shall estimate the cost of
51 reproduction and either:

- 52
53 (1) obtain the agreement of the applicant to pay the cost; or
54 (2) obtain prepayment of the cost.
55

1 E. The City of Annapolis may charge a fee for the time an Official or employee of the City
2 spends:

- 3
- 4 (1) searching for the requested public record; or
- 5 (2) preparing the public record for inspection and copying.
- 6

7 The fee shall be \$30.00 per hour or part thereof in excess of the first 2 hours spent responding to a
8 request for public records.

9

10 F. If the applicant requests that copies of a public record be mailed or delivered to the
11 applicant or to a third party, the Custodian may charge the applicant for the cost of postage or delivery.

12

13 G. Method of Payment.

14

15 Any fee assessed under these regulations, may be paid by cash, check or money order. Checks
16 and money orders shall be made payable to the City of Annapolis. The City of Annapolis does not accept
17 credit card payments.

18

19 H. Waiver or Reduction of Fee.

20

21 The Official Custodian may waive or reduce any fee set under this regulation if:

- 22
- 23 (1) the applicant requests a waiver; and
- 24 (2) the Custodian determines that the request was made in the public interest and not to
25 advance any private interest.
- 26

27 15. Time and Place of Inspection.

28

29 An applicant may inspect the public record(s) at the location where the records are maintained
30 and/or made available, during the hours of 8:30 AM to 4:30 PM on any day except days when the City of
31 Annapolis is closed for business.

32
33
34

Policy Report

R-50-12

Public Information

The proposed resolution adopts formal administrative regulations for access to public records at a local level pursuant to the Maryland Public Information Act, Md. Ann. Code State Gov't. Art Sec. 10-611, et seq. (2012), which requires the establishment of rules or regulations to allow access to public records by a person or governmental unit. According to the Act, the purpose of such is to insure the security of public records and prevent disruption of official business. This resolution, if adopted, would designate the City of Annapolis Office of Law as the official custodian.

Prepared by Carol Richardson, Legislative and Policy Analyst in the City of Annapolis Office of Law at cdrichardson@annapolis.gov or 410.263.1184.

December 12, 2012

To: Alderpersons, City of Annapolis

From: Mayor Joshua J. Cohen

Re: Education Commission

I respectfully submit for your approval the appointment of Alderwoman Sheila Finlayson to the Task Force to Study the Police and Fire Pension Plan and Other Post Employment Benefits (OPEB). Alderwoman Finlayson represents residents of Ward 4 and this appointment fills a vacancy on the Commission as a result of the resignation of Alderman Mathew Silverman.

Thank You,

JJC/cdr



Chartered 1708

Joshua J. Cohen, Mayor
City of Annapolis
160 Duke of Gloucester Street
Annapolis, Maryland 21401

December 3, 2012

To: Alderpersons, City Of Annapolis

From: Mayor Joshua J. Cohen

Re: Education Commission

I respectfully submit for your approval the appointment of Ms. Jessica L. Pachler to the Education Commission. Ms. Pachler is a resident of Ward 8 and this appointment fills a vacancy on the Commission. Her resume is attached.

Jessica L. Pachler
506 President Street
Annapolis, MD 21403
410-916-5500
jess@pachler.us

Thank You.

JJC/hrr

Reviewed by: <u>Housing and Human Welfare Committee</u>
<input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Unfavorable
<u>K. H. A. K. J.</u> <u>12.3.12</u>
Committee Chair Date

Jessica L. Pachler
506 President Street, Annapolis, MD 21403
410-916-5500 ~ jess@pachler.us

With over 17 years of experience in event management and marketing, Ms. Pachler has extensive experience coordinating events logistics in a variety of settings. Ms. Pachler maintains a small event-planning firm that provides event management for numerous clients. The events range in size from 15 to 10,000 and encompass a wide scope of theme and requirements. As a contractor for Courtesy Associates, Ms. Pachler has managed logistics on a range of projects including ICASA 2012, TOPOFF3 and TOPOFF4, IEEE Energy Conversion Congress and Exposition '10, '11 and '12, PEPFAR Tanzania 2010, the Department of Energy's Weatherization conference, the Fuel Cell Seminar, the Treatment and Management of HIV Infection in the United States Conference and the Indoor Tanning Association Leadership Council. Additionally, Ms. Pachler has extensive experience in the charity event sector. She has been a director of Second Street Benefits, which puts on the charity music festival Eastport a Rockin', since 2004. Additionally, she has worked in the food service and catering industry. She was Director of Marketing for a technology company, managing the advertising, marketing and events for the 24-person firm. She is also a freelance writer and editor, and a weekly columnist for the Annapolis Capital newspaper, researching and conveying details of music, nightlife and special events in the Annapolis and Anne Arundel county area for the After Dark column, which averages 2000 words each week.

Areas of Expertise

- ~ Conference Logistics Management
- ~ Travel/Transportation Logistics Management
- ~ Financial Management
- ~ Contract Negotiation
- ~ Marketing and Sales Management
- ~ Creative Design Management
- ~Exhibit Sales and Management

Professional Experience

Event Planner

Courtesy Associates

March 2005 – Present

As a contractor, provide event support services on several events, including ICASA 2012, TOPOFF3 and TOPOFF4, IEEE Energy Conversion Congress and Exposition, PEPFAR Tanzania 2010, the Department of Energy's 2009 Weatherization conference, the Fuel Cell Seminar, the Treatment and Management of HIV Infection in the United States Conference and the Indoor Tanning Association Leadership Council., and more.

~ Services include, but are not limited to, on site management and logistics, travel and transportation planning, research, exhibit sales, attendee organization, event coordination, marketing, graphic design, proposal writing and budget development for numerous government and commercial projects.

Director

Second Street Benefits

March 2004 – Present

Director of annual charity music festival, Eastport A Rockin'. Event draws over 3500 attendees, 28 local and regional bands, 9 food and beverage vendors, 36 local art, craft and game vendors.

- ~Manage a 7 person executive team
- ~Coordinate equipment rentals, vendor negotiations, web and art direction, schedule, merchandising, site plan and personnel direction.
- ~Create, write, edit and distribute marketing and media materials.
- ~Respond to requests for information, verbally and in writing.
- ~Create, update and edit website and web-related marketing – emails, surveys, etc.
- ~Manage event social networking sites.

Freelance Writer

February 2004 – Present

Write a weekly column, entitled After Dark, for The Capital (Primary Annapolis/Anne Arundel newspaper), approximately 2500 words.

~Research and convey details of music, nightlife and special events.

~Focus on Anne Arundel County and Annapolis area, with occasional forays into Baltimore and DC.

~Create and cultivate relationships with industry partners, restaurateurs, musicians, tourism organizations and news media, as well as local readers.

Sales Representative

VI Imports

2009 – 2011

Sales representative for small wine distributor and importer.

~Researched market and created new accounts.

~Managed promotion events.

~Maintained over 50 accounts for a portfolio of over 1200 wines.

Premier

Maritime Republic of Eastport

February 2005 – January 2007

Managed a non-profit organization. Serves as a board member and community liaison.

~Coordinates event planning, community relations, volunteer actions and networking programs.

~Oversaw fiduciary responsibilities for charitable distributions.

~November '06 event raised over \$25,000 for local charities.

Director of Communications, March 2003 – February 2005

Managed communications and public affairs.

~Responded verbally and in writing to requests for information from media and membership.

~Assisted Premier as an advisor and regarding public affairs and communications.

~Created, edited and distributed mailings, signage and press releases.

2004 Tug of War Director, Fall 2004

~Planned and coordinated all aspects 2004 Tug of War, a dual-site, day-long event that drew a crowd of 1000+ and incorporated 4 bands, a 1700' Tug of War, a chili-cook-off and the coordination of 50+ volunteers. Supervised and directed 15-person Tug Committee. Also directed sponsorship and donation activities.

Manager

Davis Pub

April 2004 – January 2006, on a contract basis - present

Manage daily operations and merchandise at popular local restaurant and bar. Manage staff; supervise food preparation, quality control and delivery; order and control merchandise. Provide input for policy decisions. Complete independent projects.

Director of Marketing

Marketing Manager

e-IDC

February 2000 – March 2003

Produced marketing efforts for e-IDC, a digital solutions provider. Primary press and public affairs contact. Achieved increase in number of qualified leads through marketing campaigns.

~Developed marketing strategies, policies and procedures

~Created, maintained publicity, advertising, web, promotional and collateral materials

~Wrote, edited business plans, press releases, articles, web content, advertisements and other publications

~Served as media relations contact, fielding and responding to inquiries

~Communicated information to clients, investors and partners

~Coordinated trade shows; served as company representative at conferences and other events

~Produced presentations for conferences, meetings and training events

~Coordinated, planned travel, meetings and fund-raising, promotional and staff events

~Conducted competitor, user/customer/client and industry trend research and analysis

~Supported, assisted in overall development of web sites

Resources and Field Services Assistant

World Learning, Inc.

September 1998 – January 2000

Supported World Learning's Global Training for Development contract with USAID, working with DC office, ten field offices in Central and Eastern Europe and over 3,000 trainers in the US and abroad.

- ~Produced conference and training presentations.
- ~Created advertising and marketing materials and supported staff with program information.
- ~Wrote and edited quarterly and monthly reports and supported Resource Center library and database.
- ~Served as representative at conferences and events.
- ~Organized informational seminars for staff and trainers.
- ~Coordinated field staff travel information and itineraries.
- ~Liaised for home and field offices and maintained relationships between staff and trainers.
- ~Supervised interns and provided backup assistance to MIS department.
- ~Vice-President of Community Council - Planned annual and monthly staff events, coordinated fund-raising activities, served as elected staff liaison.

Other Experience

Co-Founder/Leader

MRE Moms and Dads

February 2007 – Present

Together with another Annapolis mom, created a family group that has grown to include 450+ families since inception. Focus of group is on supporting families in the Annapolis community through social, civic and informational avenues.

- ~ Manage website and three email lists with over 600 email addresses.
- ~ Plan social and networking events.
- ~ Market group to new and expecting parents in the area.
- ~ Liaise with community at large as group representative.
- ~ Advocate for families and group in civic and community initiatives.

Education

Colby College, Waterville, Maine

BA, Anthropology and International Studies (dual major), concentration in African Development, 1993 – 1997

Activities and Societies: Rugby, Student Government, Social Event Planning

School for International Training, Central and Northern Kenya

Tourism and Development, 1995 – 1996

Georgetown Visitation

1989 – 1993

Languages

Spanish, Swahili

Computer Experience

Operating Systems

Microsoft Windows XP, Vista, and Windows 7

MS-DOS

Macintosh OS 8.0

Microsoft Office

Web Design Software

Dreamweaver CS5

Fireworks CS5

Print Layout Software

Adobe Creative Suite

CorelDraw

QuarkXpress

Social Media Software

Twitter

EMPLOYMENT

***Six Flags America – Director of Administration* 02/2009 – Present**

- Human Resources, Training and Safety oversight for ~100 Full-Time and 1,750 seasonal staff
- Implemented controls, policies and procedures lacking in areas of oversight - achieving full staffing, improved Guest feedback scores in employee service year-over-year and reduced Worker’s Comp & General Liability claims 2009-2011
- “Most Improved Park of the Year” - 2009
- Restored HR department as a trusted support department to the park and leader of positive culture at the park
- 100% Successful in defending park in EEOC, and General Liability claims to date

***Six Flags Discovery Kingdom – Director of Administration* 12/2006 – 02/2009**

- Oversight of Human Resources, Training, Labor Management and Safety divisions
- Responses to legal action in areas related to employment
- Employment base of 175 Full-Time and 2,200 Seasonal staff and attendance of 1.3MM
- Compliance with OSHA, EEOC, ADA, Labor Laws
- Coordinate park operations with peer Directors
- Improved inter-departmental relations and restored park respect of HR department

***Six Flags Kentucky Kingdom – Human Resources Manager* 06/2002 – 12/2006**

- Employee recruiting / retention for over 1,000 Seasonal and 60 Full Time staff
- New hire orientation, training and development
- Maintenance of full-time and seasonal staff personnel files
- Labor law compliance for minor employees
- Responses to legal action in areas related to employment
- Administration of Health, Life, Pension, 401(k) and other benefit plans
- Employee time entry and payroll processing
- Department budget and operating plan development

***C-Logic, Inc. – Human Resources and Financial Controller* 02/2000 – 01/2002**

- Employee recruiting, retention, orientations and trainings
- Compliance with COBRA, ERISA, FMLA, OSHA and other regulations
- General ledger, accounting, tax filings, payroll

***Firstar Investment Services – Investment Manager In-Store District* 10/1998 – 02/2000**

- Manage 20-branch territory of in-store branches Investment/Insurance sales
- Internal recruiting and training of cross-licensed employees

***Advest, Inc. – Retirement and Benefit Plans Specialist* 06/1995 – 10/1998**

- Retirement and benefit plan marketing and support
- Employee enrollment education (one-on-one meetings)
- Coordination of plan administrators, providers and trust firms

EDUCATION / RECOGNITION / LICENSES / SKILLS

- *Auburn University - Bachelor of Arts – Mass Communication (Radio/TV/Film)*
- 2009 Six Flags Most Improved Park of the Year – Six Flags America
- Series 7 & 63 Securities and Life/Health Insurance Licenses (**lapsed*)
- Dean’s List – Auburn University
- Moderate Russian and basic Spanish speaker

City of Annapolis Budget Revision Request

Control number GT-11-13

Department Finance

Date 5-Dec-2012

Number	Account Title	Amount	
		Debit	Credit
1			
30400-583000-20003	Eastport Station	26,857.23	
63340-583000-77001	Flood Control Program		26,857.23
2			
30400-583000-20003	Eastport Station	98,142.77	
30400-583000-50004	Facility/Infrastructure Study		98,142.77
3			
64340-582000-73002	Hillman Garage	100,000.00	
30400-583000-50004	Facility/Infrastructure Study		100,000.00
4			
30400-583000-20005	City Hall	150,000.00	
30400-583000-50004	Facility/Infrastructure Study		1,857.23
30400-583000-20004	Maintenance Facilities		148,142.77

Eastport Fire Station - Emergency Equipment Storage building: City has a current bid for construction; \$125,000 allows completion of the project (total construction budget: \$260,000).

Hillman Garage: the FY13 Capital Budget approved \$300,000; with this appropriation of the first \$100,000, a Structural Assessment of the Hillman Garage can proceed.

City Hall: a Generator will be installed with a \$100,000 Critical Infrastructure Grant received by OEM in FY10. The \$100,000 grant must be spent by March, 2013. This appropriation of \$150,000 supplements the grant for a total project budget of \$250,000.

Flood Control Program: is closed out, and remaining balance is re-appropriated with this transfer.

Facility Infrastructure Asset Management Program: scope and need is unchanged, however, funds cannot be expended within the next 6 months.

Maintenance Facilities Project: scope and need is unchanged, however, expenditure of funds is awaiting the conclusion of a review of the City's Fleet Management operations.

Approved for Financial & Accounting Sufficiency:

Bruce T. Miller
Finance Director

[Signature]
Department Director

Approved by:

Mayor

Finance Committee

City Council

[Signature]

11 Dec 2012

City of Annapolis Budget Revision Request

Control number GT-12-13

Department _____

Date 11-Dec-2012

Finance _____

Account		Amount	
Number	Title	Debit	Credit
1			
64181-530900	Parking Prof Serv	151,000.00	
30400-585000-50003	Capital Reserve		151,000.00
2			
01960-597100	Contingency	40,000.00	
30400-58500-50003	Capital Reserve		40,000.00

1. To provide funding to pay outstanding bills from Town Park for work done on parking garages during Fy 2012 - \$151,000
2. To transfer funds to the operating reserve in anticipation of additional legal fees required for Hinkle and associated Police Department Activity - \$40,000

Approved for Financial & Accounting Sufficiency:



Finance Director



Department Director

Approved by:

Mayor

Finance Committee

City Council

Ross H. Bennett

* Item # 1 only

City of Annapolis

Control number GT-13-13

Budget Revision Request

Department Police FY13

Date 12-11-12

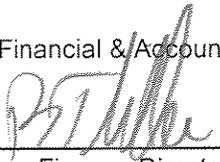
Account Number	Account Title	Amount Increase (Decrease)
01200 571000	Training & Education	(7,000.00)
	Public Works	7,000.00

Department justification for request:

Revision is necessary to transfer funds from the Annapolis Police Department, Training & Education account to the Department of Public Works account to purchase required signs for the Speed Monitoring Program.

The source for this revision has sufficient funds.

Approved for Financial & Accounting Sufficiency:



Finance Director



Chief of Police

Approved by:

Mayor

Finance Committee

City Council



