Regular Session
Mayor and City Council
October 23, 2018
Agenda

6:00 PM **WORK SESSION –** ***Council Chamber, 2nd floor, City Hall***

7:00 PM - October 23, 2018 - REGULAR SESSION -*Council Chamber, 2nd Floor, City Hall*

I. CALL TO ORDER

II. INVOCATION

Councilmember Emily Keller

III. PLEDGE TO THE FLAG

IV. ANNOUNCEMENTS

A. A. Rules of Procedure – *Adopted December 20, 2016*
B. Use of cell phones during meetings is restricted.
C. All correspondence for distribution to Elected Officials should be provided to the City Clerk and should include a copy for the City Clerk for inclusion in the official record.
D. Meeting Schedule
1. Tuesday, November 6, 2018 – Work Session at 4:00 p.m.
2. Tuesday, November 13, 2018 – Work Session at 4:00 p.m.
3. Tuesday, November 20, 2018 – Work Session at 4:00 p.m.
4. Tuesday, November 27, 2018 – Regular Session at 7:00 p.m

V. APPOINTMENTS

A. Hagerstown Housing Authority Board of Commissioners:
Terry Wishard – Term to Expire August 31, 2023

VI. GUESTS

Proclamation: Character Counts! Week – *Carolyn Brooks, Founder & Director of Character Counts!*

VII. CITIZEN COMMENTS

VIII. CITY ADMINISTRATOR'S COMMENTS

IX. MAYOR AND COUNCIL COMMENTS

X. MINUTES

(September 11, 2018; September 13, 2018; September 18, 2018; September 25, 2018)

XI. CONSENT

A. Public Works

1. Bulk Road Salt – Morton Salt, Inc. (Chicago, IL) $61.95/ton

2. Christmas Garland, Lights, & Shipping – Creative Displays (Stilwell, Kansas) $16,712.50

B. Utilities

1. Wastewater – UV Bulbs & Quartz Sleeves – SUEZ Treatment Solutions (Leonia, NJ) $42.048.10

XII. UNFINISHED BUSINESS

A. Approval of an Ordinance: Smoking in Public Places

B. Approval of an Ordinance: Prohibiting Sales of Goods and Services

C. Approval of an Ordinance: Prohibiting Soliciting in Parks

XIII. NEW BUSINESS

A. Introduction of an Ordinance: Amending Section 173-5 of the Code of the City of Hagerstown - Public exhibitions at dangerous elevations

B. Approval of a Resolution: Drinking Water Bond, Series 2018A and Drinking Water Bond, Series 2018B for two projects referred to as RC Willson - Traveling Screen Replacement & Pump Station Improvements

C. Approval of a Resolution: Maryland Department of Transportation Bicycle Grant Agreement

D. Approval of Amendments to Incentive Programs

E. Approval of Funding for Community Coalition Lobbyist

F. Approval of Funding for Municipal Stadium Improvements for the 2019 Season

G. Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 54 S. Potomac Street

H. Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 21 W. Franklin Street

I. Approval of Utilization of Wastewater Division Funds to fund Synagro Wastewater Treatment Plant Sludge Thickening Project and Dryer Rebuild Project

J. Approval of City Center Holiday Parking Program

XIV. ADJOURN

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Bulk Road Salt – Morton Salt, Inc. (Chicago, IL) $61.95/ton

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Signed_Consent__Bulk_Road_Salt.pdf	Signed Bulk Road Salt Consent Form

City of Hagerstown
Mayor and Council
Purchase / Contract Information
Meeting of 10/23/18

Do Not Complete This Section
Approved Consent Agenda: _____
New Business: _____________

Originating Department: Public Works By: Eric B. Deike, Director

Account Number: 0121001-5591 Account / Project Name: Snow Removal-Chemicals

Budget Amount: $123,000 Account Balance: $123,000 Year: 18/19 CIP Control No. N/A

Unbudgeted $: — Source of Funds: General Fund

Quantity	Description	Value
1	Bulk Road Salt	$61.95 per ton

TOTAL VALUE OF PROJECT: $61.95 per ton

ABOVE TO BE USED FOR:

Used to melt snow and ice from city streets and alleys.

Recommended Vendor:

Business Name: Morton Salt, Inc.

Address: 444 West Lake St, Suite 3000

City, State: Chicago, IL 60606 (855) 665-4540

Bid/Proposal/Quote No.: Washington County PUR-1397

OTHER VENDORS:		
Firm	**City/State**	**Total Amount**
Proze Holdings, LLC	Dover, DE	$60.00/ton
Cargill, Inc.	Olmsted, OH	$65.34/ton
Eastern Salt Company	Lowell, MA	$63.00/ton
Government MLO Supplies	Bethesda, MD	$79.00/ton
Mid-Atlantic Salt, LLC	Gladwyne, PA	$91.00/ton

(1) Department Manager: Washington County Government bid the purchase of the bulk road salt for themselves and the City of Hagerstown to obtain a better bulk rate. The apparent low bidder, Proze Holdings, LLC, was found to be unable to meet the obligations of the contract.

EB Dil 10/9/18

Signature / Date

(2) Purchasing Agent:

Recommend Approval.

Jason L. Miller 10/10/2018

Signature / Date

(3) Finance Manager:

Recommend approval. The total cost will depend on quantity of chemical needed for weather conditions.

Michelle Hepburn 10/10/18

Signature / Date

(4) City Administrator's Recommendation:

Approval

Valerie A. Means 10/11/18

Signature / Date

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Christmas Garland, Lights, & Shipping – Creative Displays (Stilwell, Kansas) $16,712.50

Mayor and City Council Action Required:
Approval of a purchase of Christmas garland with lights and LED lights for the holiday season and downtown beautification. See the attached document.

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Christmas_Lights__Signed_Consent.pdf	Signed Christmas Lights & Garland Consent Form

City of Hagerstown
Mayor and Council
Purchase / Contract Information
Meeting of 10/23/18

Do Not Complete This Section
Approved Consent Agenda: ______
New Business: ______

Originating Department:	Public Works	By:	Eric B. Deike, Director		
Account Number:	4524000-5594	Account / Project Name:	Downtown Beautification		
Budget Amount:	$25,000	Account Balance:	$25,000	Year: 18/19	CIP Control No. C0280
Unbudgeted $:		Source of Funds:	General Fund		

Quantity	Description	Value
170	Christmas garland with lights	$13,600.00
50	LED light strands	$1,112.50
1	Estimated shipping (to be adjusted w/actual shipping costs)	$2,000.00

TOTAL VALUE OF PROJECT: $16,712.50

ABOVE TO BE USED FOR:

Christmas decorations in the downtown. Garland with lights will be wrapped around the decorative light poles. The LED string lights will be installed around the trunk of the trees in the Square. The LED lights will be active all year long while the garland will only be lit during the holiday season.

Recommended Vendor:

Business Name:	Creative Displays
Address:	16210 Foster Street
City, State:	Stilwell, Kansas 66085 (800) 733-9617
Bid/Proposal/Quote No.:	None

OTHER VENDORS:

Firm	City/State	Total Amount

(1) Department Manager: Sole source product for Christmas lights. Each vendor has their own brand and look for Christmas garland and decorations. Creative Display sold a very full garland with lights that looks very good. The one piece product will make for ease of installation. The LED string lights come from the same company and are commercial grade lights. The product has already been ordered and shipped since the product is needed by the end of October to begin installation. Only half of the garland is available. The remainder will be shipped in late December which will be too late for installation this year. Staff will utilize older decorations to finish out the downtown for this season only. EB Dr 10/10/18 Signature / Date
(2) Purchasing Agent: Recommend Approval. Jason P. Miller 10/10/2018 Signature / Date
(3) Finance Manager: Recommend approval as holiday lighting needed to be ordered to be delivered + installed on time. Samples were provided + picked for this product. Michelle Hepburn 10/10/18 Signature / Date
(4) City Administrator's Recommendation: Approval Vicki A Mann 10/11/18 Signature / Date

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Wastewater – UV Bulbs & Quartz Sleeves – SUEZ Treatment Solutions (Leonia, NJ) $42.048.10

Mayor and City Council Action Required:
Requested approval of the Wastewater Division Consent purchase of UV Bulbs and Quartz Sleeves in the amount of $42,048.10.

Discussion:
The purchase of 235 replacement bulbs and 20 Quartz sleeves for WWTP Disinfection System utilizing the MDE ENR Operation and Maintenance Grant Funding Program. This is a sole source compatible equipment purchase.

Financial Impact:

Originating Department:	Utilities Dept. Wastewater Div.			**By:**	Joseph Moss, Wastewater Operations Manager			
Account Number:	5471501-5374-G0306		**Account/Project Name:**		ENR Operation and Maintenance			
Account Number:			**Account/Project Name:**					
Budget Amount:	FY19	$240,000.00	**Account Balance:**	$197,669.00	**Year**	FY19	**CIP Control No.:**	C0306
			Account Balance:		**Year**		**CIP Control No.:**	
Unbudgeted:		$0.00	**Source Of Funds:**	FY18 MDE ENR O & M Grant				

Quantity	Description		Value
235	Replacement Ultra Violet bulbs and quartz sleeves for the UV Disinfection	$	40,697.30
	System at the Wastewater Treatment Plant		
20	Quartz sleeves for bulbs	$	1,150.80
1	Freight charge	$	200.00
	TOTAL		$42,048.10

Recommendation:
Staff recommended approval

Motion:
Consent Agenda

Action Dates:
October 23, 2018 Regular Session

ATTACHMENTS:

File Name	Description
Wastewater_Division_Consent_Packet_UV_Bulbs_and_Quartz_Sleeves_102318.pdf	Wastewater Division Consent Packet UV Bulbs and Quartz Sleeves
Signed_Bulbs_Consent.pdf	Signed UV Bulbs Consent Form

City of Hagerstown
Mayor and City Council
Purchase - Contract Information
Meeting of: 10/23/2018

Approval For:
Consent Agenda: X
New Business:

Originating Department: Utilities Dept. Wastewater Div. **By:** Joseph Moss, Wastewater Operations Manager
Account Number: 5471501-5374-G0306 **Account/Project Name:** ENR Operation and Maintenance
Account Number: **Account/Project Name:**
Budget Amount: FY19 $240,000.00 **Account Balance:** $197,669.00 **Year** FY19 **CIP Control No.:** C0306
Account Balance: **Year** **CIP Control No.:**
Unbudgeted: $0.00 **Source Of Funds:** FY18 MDE ENR O & M Grant

Quantity	Description	Value
235	Replacement Ultra Violet bulbs and quartz sleeves for the UV Disinfection	$ 40,697.30
	System at the Wastewater Treatment Plant	
20	Quartz sleeves for bulbs	$ 1,150.80
1	Freight charge	$ 200.00
	TOTAL	$42,048.10

Above To Be Used For:
The purchase of 235 replacement bulbs and 20 Quartz sleeves for WWTP Disinfection System utilizing the MDE ENR Operation and Maintenance Grant Funding Program. This is a sole source compatible equipment purchase.

Recommended Vendor: SUEZ Treatment Solutions Inc.
Business Name: SUEZ Treatment Solutions Inc.
Address: 600 Willow Tree Road
City, State: Leonia, NJ 07604
Bid/Proposal/Quote No.: 230019700

Other Vendors: Sole Source, Equipment Compatibility

Firm	City, State	Amount

Comments

Department Manager (required on all unbudgeted items):

The purchase of 235 replacement bulbs and 20 Quartz sleeves for WWTP Disinfection System utilizing the MDE ENR Operation and Maintenance Grant Funding Program. This is a sole source compatible equipment purchase.

Joseph W McCann — October 3, 2018

Signature — Date

Finance Department:

Signature — Date

Finance Manager:

Signature — Date

City Administrator's Recommendation:

Signature — Date

Quotation	
Number	230019700
Date	07/11/2018
Your PO	UV Parts - Budgetary
Customer N°	707491
Project code	O-000011
Hdr delivery terms	
Estimated Ship Date: 1 Week A.R.O.	
Valid from 07/11/2018	Valid to 10/31/2018

To :

City of Hagerstown
One Clean Water Circle
HAGERSTOWN MD 21740
USA

Ship To :

City of Hagerstown
One Clean Water Circle
HAGERSTOWN MD 21740
USA

Dear Sir, Dear Madam,
We thank you for your quotation request. Here are the best conditions we can offer you for delivering the following items :

For questions please call : 201 676 2525 Rebecca KORB

Currency : USD

Conditions

Payment terms : NET30 Days

Delivery terms : CFR Prepay & Add

Item	Item No.	Description	Quantity	Unit price	Amount
10	1000038749	LAMP, COMPLETE ASSY, UV 3X, 400W, LSI	235 EA	173.18 USD / 1 EA	40,697.30
20	1000038748	JACKET, QUARTZ, 44MM X 1887MM, UV 3X	12 EA	95.90 USD / 1 EA	1,150.80
30	1089020040	Outbound Freight	1 EA	200.00 USD / 1 EA	200.00
Estimated Ship Date: 1 Week A.R.O.					

Subtotal before taxes	USD	42,048.10
Amount due	USD	42,048.10
		42,048.10

Forty-two thousand forty-eight us dollar ten

Do not hesitate to contact us for any further information. Looking forward to hearing from you. Kind regards,

SUEZ TREATMENT SOLUTIONS INC. TERMS AND CONDITIONS OF SALE

1. ENTIRE AGREEMENT. The Terms and Conditions of Sale set forth herein, and any supplements which may be attached hereto, constitute the full and final expression of the contract (the "Contract") for the sale of equipment or services (hereinafter referred to as "Equipment") Purchaser, and supersedes the terms and conditions of any request for proposal or request for quotations, specifications, quotations, purchase orders, correspondence or communications whether written or oral between the Purchaser and SUEZ Treatment Solutions Inc. . No amendment or modification hereto nor any statement, representation or warranty not contained herein shall be binding on SUEZ Treatment Solutions Inc unless made in writing and signed by an authorized representative of SUEZ Treatment Solutions Inc Prior dealings, usage of the trade or a course of performance shall not be relevant to determine the meaning of this Contract.

2. TAXES. The Purchase Price does not include any state or local sales or use taxes.

3. PAYMENT. Payment shall be net thirty (30) days in accordance with the milestone payment schedule set forth in SUEZ Treatment Solutions Inc's proposal.

4. RISK OF LOSS. Risk of loss or damage to the Equipment, or any part thereof, shall pass to Purchaser upon delivery of the Equipment or part to Purchaser at the delivery point stated in SUEZ Treatment Solutions Inc's proposal.

5. EXCUSABLE DELAY. SUEZ Treatment Solutions Inc shall not be liable for any delay in performance or failure to perform due to any cause beyond OZONIA's reasonable control including, fire, flood, or any other act of God, strike or other labor difficulty, any act, instructions, directions or omission to act of any civil or military authority or of the Purchaser, Owner, or Engineer, change in laws, any insurrection, riot, embargo, unavailability or delays in transportation or car shortages. In the event SUEZ Treatment Solutions Inc 's performance is delayed by any of the foregoing causes, SUEZ Treatment Solutions Inc 's schedule for performance shall be extended accordingly without penalty. If Purchaser's, Owner's, or Engineer's actions delay SUEZ Treatment Solutions Inc 's performance, Purchaser shall pay SUEZ Treatment Solutions Inc any additional costs incurred by SUEZ Treatment Solutions Inc resulting from such delay and shall also pay SUEZ Treatment Solutions Inc's invoice for any stored Equipment, or any part thereof, as if they had been delivered in accordance with the milestone schedule.

6. PROPRIETARY INFORMATION. All information, plans, drawings, tracings, specifications, programs, reports, models, mock-ups, designs, calculations, schedules, technical information, data, manuals, proposals, CADD documents and other materials, including those in electronic form (collectively the "Instruments of Service") prepared and furnished by SUEZ Treatment Solutions Inc for use solely with respect to this Project. SUEZ Treatment Solutions Inc shall be deemed the author and owner of these Instruments of Service and shall retain all common law, statutory and other reserved rights, including copyrights. The Purchaser, Engineer, or Owner shall not use these Instruments of Service for future additions or alterations to this Project or for other projects, without the prior written agreement by SUEZ Treatment Solutions Inc. The Instruments of Service furnished by SUEZ Treatment Solutions Inc are proprietary to SUEZ Treatment Solutions Inc, submitted in strict confidence and shall not be reproduced, transmitted, disclosed or used in any other manner without SUEZ Treatment Solutions Inc 's written authorization.

7. INSPECTION BY PURCHASER. Purchaser may inspect the Equipment at the point of manufacture, provided that such inspection is arranged and conducted so as not to unreasonably interfere with SUEZ Treatment Solutions Inc 's or the manufacturer's operations.

8. WARRANTY OF TITLE. SUEZ Treatment Solutions Inc warrants and guarantees that upon payment title to all Equipment covered by any invoice submitted to Purchaser will pass to Purchaser free and clear of all liens.

9. WARRANTY. SUEZ Treatment Solutions Inc warrants that its Equipment shall conform to the description contained in SUEZ Treatment Solutions Inc's proposal and be free from defects in material and workmanship for a period of one (1) year from date its Equipment is initially placed in operation or eighteen (18) months from date its Equipment is shipped, whichever occurs first. Upon SUEZ Treatment Solutions Inc's receipt of written notice within thirty (30) days of discovery of any defect, and a determination by SUEZ Treatment Solutions Inc that such defect is covered under the foregoing warranty, SUEZ Treatment Solutions Inc shall, at its option, repair or replace the defective part or parts, f.o.b. factory. This warranty does not cover failure or damage due to storage, installation, operation or maintenance not in conformance with SUEZ Treatment Solutions Inc's written instructions and requirements or due to accident, misuse, abuse, neglect or corrosion. This warranty does not cover reimbursement for labor, gaining access, removal, installation, temporary power or any other expenses that may be incurred with repair or replacement. SUEZ Treatment Solutions Inc shall have no responsibility for the condition of primed or finish painted surfaces after the Equipment leaves its point of manufacture. Field touchup of shop primed or painted surfaces are normal and shall be at Purchaser's or Owner's expense. Unless otherwise specifically provided for herein, SUEZ Treatment Solutions Inc provides no other of product performance or process results. Correction of non-conformities in the manner and for the period of time provided above shall constitute SUEZ Treatment Solutions Inc's sole liability and purchaser's exclusive remedy for failure of SUEZ Treatment Solutions Inc to meet its warranty obligations, whether claims of purchaser are based in contract, tort (including negligence or strict liability), or otherwise. THE FOREGOING WARRANTIES ARE EXCLUSIVE, AND IN LIEU OF ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. BACKCHARGES. SUEZ Treatment Solutions Inc shall not be liable for any charges incurred by Purchaser for work, repairs, replacements or alterations to the Equipment, without SUEZ Treatment Solutions Inc 's prior written authorization, and any adverse consequences resulting from such unauthorized work shall be Purchaser's full responsibility.

11. LIQUIDATED DAMAGES. Any liquidated damages clauses for failure to meet shipping or job completion promises are not acceptable or binding upon SUEZ Treatment Solutions Inc, unless such clauses are specifically accepted in writing by an authorized representative of SUEZ Treatment Solutions Inc at its headquarters office.

12. LIMITATION OF LIABILITY. Neither party shall be liable to the other party for any special, indirect, incidental, consequential or punitive damages arising from their obligations under this Contract, whether such damages are based upon breach of contract, breach of warranty, tort, strict liability or otherwise. In no event shall SUEZ Treatment Solutions Inc's liability exceed the purchase price of the Equipment or parts of the Equipment on which such liability is based.

13. CANCELLATION BY PURCHASER. If Purchaser cancels this Contract or refuses to accept delivery of the Equipment, Purchaser shall be liable to SUEZ Treatment Solutions Inc for reasonable costs incurred by SUEZ Treatment Solutions Inc including, cancellation charges, administrative costs, and commissions to sales representatives for all work performed or in process up to the time of cancellation or refusal to accept delivery.

14. DEFAULT BY PURCHASER. In the event Purchaser should breach its obligations under this Contract or if the Project is suspended or delayed for more than 120 cumulative days, then SUEZ Treatment Solutions Inc may, without prejudice to any other right or remedy it may have at law or equity, terminate this Contract or suspend performance if Purchaser fails to cure such breach within thirty (30) days of written notice. In such event, SUEZ Treatment Solutions Inc shall be paid for all work performed prior to termination/suspension, including all costs related to the termination/suspension. If

payments are not made in accordance with the terms contained herein, a service charge may, without prejudice to the right of SUEZ Treatment Solutions Inc to immediate payment, be added in an amount equal to the lower of 1.5% per month or fraction thereof or the highest legal rate on the unpaid balance. Purchaser shall reimburse SUEZ Treatment Solutions Inc for all attorney's fees and costs related to collection of past due amounts.

15. DEFAULT BY SELLER. In the event of any default by SUEZ Treatment Solutions Inc and prior to Purchaser terminating the work for default, Purchaser shall give written notice of default to SUEZ Treatment Solutions Inc. SUEZ Treatment Solutions Inc shall remedy the default to the reasonable satisfaction of the Purchaser within thirty (30) days of receipt of such written notice or, if such default cannot reasonable be remedied within such thirty (30) day period, SUEZ Treatment Solutions Inc shall promptly begin to remedy the default within the thirty (30) day period and thereafter diligently prosecute to conclusion all acts necessary to remedy the default, in which event such default shall be deemed to be remedied.

16. PATENT AND COPYRIGHT INFRINGEMENT. SUEZ Treatment Solutions Inc shall defend any action or proceeding brought against Purchaser based on any claim that the Equipment infringes any United States patent or copyright, provided the Equipment is used in the manner specified and is not modified, altered, or combined with any other equipment without SUEZ Treatment Solutions Inc's prior written permission. Purchaser shall give prompt written notice to SUEZ Treatment Solutions Inc of any such action or proceeding and will reasonably provide authority, information and assistance (at Purchaser's expense) in the defense of same. If Purchaser is enjoined from the operation or use of the Equipment, SUEZ Treatment Solutions Inc shall take reasonable steps to procure the right to operate or use the Equipment. If SUEZ Treatment Solutions Inc cannot so procure such right within a reasonable time, SUEZ Treatment Solutions Inc shall promptly, at SUEZ Treatment Solutions Inc's option and expense, (i) modify the Equipment so as to avoid infringement of any such patent or copyright, (ii) replace said Equipment with equipment that does not infringe or violate any such patent or copyright, or (iii) as a last resort, remove the Equipment and refund the purchase price.

17. INDEMNITY. To the extent and proportion of its negligence, SUEZ Treatment Solutions Inc will indemnify and hold Purchaser harmless for any claims, damages, suits, or losses by third parties for death or bodily injury or damage to tangible property (other than to the Equipment itself) directly caused by SUEZ Treatment Solutions Inc's performance under this Contract.

18. GOVERNING LAW/JURISDICTION. This Contract shall be governed by, interpreted and enforced in accordance with the laws applicable in the state where the jobsite is located, without regard to any conflicts of law principles thereof. Any dispute that cannot be resolved amicably by the Parties shall be referred to the federal or state courts having jurisdiction over the jobsite. The Parties irrevocably waive the right to request trial by jury.

19. NOTICES. Unless otherwise provided, any notices to be given hereunder shall be given in writing at the address and to the representatives mentioned in the Contract Documents and shall be deemed effectively given (i) upon personal delivery to the party to be notified, (ii) on confirmation of receipt by fax by the party to be notified, (iii) one business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth herein, or (iv) three days after deposit with the U.S Post Office, postage prepaid, registered or certified, with return receipt requested.

20. ASSIGNMENT/SUCCESSORSHIP. Neither SUEZ Treatment Solutions Inc. nor Purchaser may assign this Contract without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Any prohibited assignment shall be null and void. OZONIA and Purchaser intend that the provisions of this Contract are binding upon the parties, their employees, agents, heirs, successors and assigns.

21. SEVERABILITY. If any term, condition or provision of this Contract or the application thereof to any party or circumstance shall at any time or to any extent be invalid or unenforceable, then the remainder of this Contract, or the application of such term, condition or provision to parties or circumstances other than those which it is held invalid or unenforceable, shall not be affected thereby, and each term, condition and provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

22. NO WAIVER. The failure of either party to insist upon or enforce strict performance by the other party of any provision of this Contract or to exercise any right under this Contract shall not be construed as a waiver or relinquishment to any extent of such party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

Please Return to Becky Korb
Email: becky.korb@suez-na.com
Fax: 804 756-7643

SUEZ Treatment Solutions Inc.

Purchase Authorization:

I authorize SUEZ Treatment Solutions Inc. to invoice for the scope of supply as described on the Sales Quotation listed below and attached hereto.

Name and/or Business as listed on Purchase Order:

Quotation Number:

Payment Type: Open Account (Net 30) or Credit Card:

Purchase Order / Reference Number:

Authorizing Name:

Authorizing Title:

Signature____Date______________

Limitation of Liability:
Notwithstanding any statement contained herein to the contrary, in no event shall either party's liability to the other party (including for breach of contract claims, breach of warranty claims, indemnity claims, or anything else) exceed the purchase price of the equipment or services and neither party shall be liable to the other party for consequential, indirect, incidental, special, or punitive damages. Seller's sole obligation and liability for insurance is per the attached Certificate of Insurance.

SUEZ Internal Use Only – Filled Out by Parts Sales Coordinator or Sales Engineer

SO# Date: SUEZ Employee:

City of Hagerstown
Mayor and City Council
Purchase - Contract Information
Meeting of: 10/23/2018

Approval For:
Consent Agenda: X
New Business:

Originating Department: Utilities Dept. Wastewater Div. **By:** Joseph Moss, Wastewater Operations Manager
Account Number: 5471501-5374-G0306 **Account/Project Name:** ENR Operation and Maintenance
Account Number: **Account/Project Name:** $147,294.28
Budget Amount: FY19 $240,000.00 **Account Balance:** ~~$197,669.00~~ **Year** FY19 **CIP Control No.:** C0306
Account Balance: **Year** **CIP Control No.:**
Unbudgeted: $0.00 **Source Of Funds:** FY18 MDE ENR O & M Grant

Quantity	Description	Value
235	Replacement Ultra Violet bulbs and quartz sleeves for the UV Disinfection System at the Wastewater Treatment Plant	$ 40,697.30
20	Quartz sleeves for bulbs	$ 1,150.80
1	Freight charge	$ 200.00
	TOTAL	$42,048.10

Above To Be Used For:
The purchase of 235 replacement bulbs and 20 Quartz sleeves for WWTP Disinfection System utilizing the MDE ENR Operation and Maintenance Grant Funding Program. This is a sole source compatible equipment purchase.

Recommended Vendor: SUEZ Treatment Solutions Inc.
Business Name: SUEZ Treatment Solutions Inc.
Address: 600 Willow Tree Road
City, State: Leonia, NJ 07604
Bid/Proposal/Quote No.: 230019700

Other Vendors: Sole Source, Equipment Compatibility

Firm	City, State	Amount

Comments

Department Manager (required on all unbudgeted items):

The purchase of 235 replacement bulbs and 20 Quartz sleeves for WWTP Disinfection System utilizing the MDE ENR Operation and Maintenance Grant Funding Program. This is a sole source compatible equipment purchase.

October 3, 2018

Signature Date

Finance Department:

Recommend Approval.

Jason [illegible] Miller 10/11/2018

Signature Date

Finance Manager:

Recommend approval.

Michelle [illegible] 10/11/18

Signature Date

City Administrator's Recommendation:

Approval

[illegible] 10/11/18

Signature Date

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of an Ordinance: Smoking in Public Places

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
smoking_in_public_places.pdf	Updated Motion: Smoking in Public Places

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: **October 23, 2018**

TOPIC: Approval of an Ordinance: Smoking in Public Places

Charter Amendment	____
Code Amendment	____
Ordinance	X
Resolution	____
Other	____

MOTION: I hereby move for the approval of an Ordinance prohibiting all tobacco products, vaping, electronic cigarettes, and/or the ingestion of vaporized or inhaled aerosol products in all parks of the City of Hagerstown except for designated areas of Municipal Stadium and the Greens at Hamilton Run.

DATE OF INTRODUCTION:	9/25/2018
DATE OF PASSAGE:	10/23/2018
EFFECTIVE DATE:	11/24/2018
IMPLEMENTATION DATE:	1/1/2019

CITY OF HAGERSTOWN, MARYLAND

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF HAGERSTOWN, SECTION 173-30 THEREOF, ENTITLED *SMOKING IN PUBLIC PLACES*

RECITALS

WHEREAS, by virtue of State Law and the City Charter, the City of Hagerstown has the authority to protect and preserve the health of the City and its inhabitants; and

WHEREAS, by virtue of State Law and the City Charter, the City of Hagerstown has the authority to prevent and/or abate all nuisances in the City; and

WHEREAS, by virtue of the State Law and the City Charter, the City of Hagerstown has the authority to establish and maintain public parks and other recreational facilities to promote the health, welfare and enjoyment of the inhabitants of the City; and

WHEREAS, the Code of the City of Hagerstown, Section 173-30, entitled *Smoking in public places* prohibits the smoking of tobacco products in specified public places within the City of Hagerstown; and

WHEREAS, the Mayor and Council desire to amend Section 173-30 to include the prohibition of all tobacco product, vaping, electronic cigarettes, and/or the ingestion of vaporized or inhaled aerosol products which are not otherwise prohibited by law;

NOW, THEREFORE, BE IT RESOLVED, ENACTED AND ORDAINED by the Mayor and Council of the City of Hagerstown, Maryland, as its duly constituted legislative body, as follows:

1. Chapter 173 of the Code of the City of Hagerstown, § 173-30, is hereby amended to prohibit all tobacco products, vaping, electronic cigarettes, and/or the ingestion of vaporized or inhaled aerosol products as follows:

§ 173-30. Smoking in public places.

Vaping, electronic cigarettes, the ingestion of vaporized or inhaled aerosol products which are not otherwise prohibited by law, and/or all tobacco products *are* hereby prohibited in the following public places within the City of Hagerstown: University Plaza and all City of Hagerstown parks. This prohibition does not apply to the Municipal Golf Course or Municipal Stadium. Clearly visible signage shall be posted concerning this prohibition. A violation of this section shall be treated as a municipal infraction and subject the person violating the same to a fine of $20 each for the first and second violation and $200 for each subsequent violation.

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED THAT this ordinance shall become effective upon the expiration of thirty calendar days following its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
Donna K. Spickler, City Clerk	Robert E. Bruchey, II, Mayor
Date of Introduction: September 25, 2018 Date of Passage: October 23, 2018 Effective Date: November 24, 2018	PREPARED BY: SALVATORE & MORTON, LLC CITY ATTORNEYS

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of an Ordinance: Prohibiting Sales of Goods and Services

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
sale_of_goods_and_services.pdf	Updated: Prohibiting Sale of Goods & Services

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: **October 23, 2018**

TOPIC: Approval of an Ordinance: Prohibiting Sale of Goods & Services

Charter Amendment	____
Code Amendment	____
Ordinance	X
Resolution	____
Other	____

MOTION: I hereby move for the approval of an Ordinance to amend the City of Hagerstown Code Chapter 173 to prohibit the sale of goods and services in the parks of the City unless part of an approved concession lease or City-approved special event.

DATE OF INTRODUCTION:	9/25/2018
DATE OF PASSAGE:	10/23/2018
EFFECTIVE DATE:	11/24/2018
IMPLEMENTATION DATE	1/1/2019

CITY OF HAGERSTOWN, MARYLAND

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF HAGERSTOWN, SECTION 173-29 THEREOF, ENTITLED *PARKS AND PLAYGROUNDS*

RECITALS

WHEREAS, by virtue of the State Law and the City Charter, the City of Hagerstown has the authority to establish and maintain public parks and other recreational facilities to promote the health, welfare and enjoyment of the inhabitants of the City; and

WHEREAS, by virtue of the State Law and the City Charter, the City of Hagerstown has the authority to license and regulate all persons beginning or conducting transient or permanent business in the City for the sale of any goods, wares, merchandise, or services; and

WHEREAS, by virtue of an ordinance to amend the Code of the City of Hagerstown, Section 173-26 being introduced and approved simultaneously to this instant ordinance, the Mayor and Council desire to prohibit solicitation in public parks, gardens, playgrounds, or other recreational facilities; and

WHEREAS, the Mayor and Council desire to amend the Code of the City of Hagerstown, Section 173-29(A) to prohibit sales or solicitations for goods or services in public parks and playgrounds except with prior approval by the City and either pursuant to a lease or concessionaire agreement, or as part of a City-approved special event or a City-sponsored event;

NOW, THEREFORE, BE IT RESOLVED, ENACTED AND ORDAINED by the Mayor and Council of the City of Hagerstown, Maryland, as its duly constituted legislative body, as follows:

1. Chapter 173 of the Code of the City of Hagerstown, § 173-29(A), is hereby amended to prohibit sales or solicitations for goods or services in public parks and playgrounds as follows:

§ 173-29. Parks and playgrounds.

A. In order that all citizens may enjoy all parks and playgrounds within the City, the City of Hagerstown declares that the following activities are prohibited on the parks and playgrounds of the City of Hagerstown:
   (1) The possession and/or consumption of alcoholic beverages on park or playground property. This prohibition does not apply to Municipal Stadium, University Plaza, or Fairgrounds Park, if such activity is specifically authorized by the Mayor and Council in advance. This prohibition does not apply to the Mansion House or the Washington County Museum of Fine Arts located in City Park.
   (2) Being present on park or playground property other than during the posted hours of operation, unless specifically authorized by the City.

(3) *The sale of goods or services or the solicitation of donations in exchange for goods or services unless such activity is:*
   a. *Approved by the City in advance; and*
      i. *Pursuant to a lawfully executed lease or concessionaire agreement;*
      ii. *Part of a City-sponsored event; or*
      iii. *Part of a City-approved event as evidenced by a valid permit issued by the City of Hagerstown.*

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED THAT this ordinance shall become effective upon the expiration of thirty calendar days following its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
________________________ Donna K. Spickler, City Clerk	________________________ Robert E. Bruchey, II, Mayor
Date of Introduction: September 25, 2018 Date of Passage: October 23, 2018 Effective Date: November 24, 2018	PREPARED BY: SALVATORE & MORTON, LLC CITY ATTORNEYS

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of an Ordinance: Prohibiting Soliciting in Parks

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
soliciting_in_parks.pdf	Updated Motion: Prohibiting Soliciting in Parks

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: **October 23, 2018**

TOPIC: Approval of an Ordinance: Prohibiting Soliciting in the Parks

Charter Amendment	____
Code Amendment	____
Ordinance	X
Resolution	____
Other	____

MOTION: I hereby move for the approval of an Ordinance to amend the Code of the City of Hagerstown Chapter 173-26 to prohibit solicitation in the parks of the City.

DATE OF INTRODUCTION:	9/25/2018
DATE OF PASSAGE:	10/23/2018
EFFECTIVE DATE:	11/24/2018
IMPLEMENTATION DATE:	1/1/2019

<u>CITY OF HAGERSTOWN, MARYLAND</u>

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF HAGERSTOWN, SECTION 173-26 THEREOF, ENTITLED *SOLICITING AND AGGRESSIVE SOLICITING*

RECITALS

WHEREAS, by virtue of the State Law and the City Charter, the City of Hagerstown has the authority to establish and maintain public parks and other recreational facilities to promote the health, welfare and enjoyment of the inhabitants of the City; and

WHEREAS, the Code of the City of Hagerstown, Section 173-26, entitled *Soliciting and aggressive soliciting* places certain restrictions and prohibitions on soliciting and aggressive soliciting in the City limits; and

WHEREAS, the Code of the City of Hagerstown, Section 173-26(C) prohibits soliciting in certain ways and places; and

WHEREAS, the Mayor and Council desire to amend Section 173-26(C) to prohibit soliciting in public parks and other recreational facilities;

NOW, THEREFORE, BE IT RESOLVED, ENACTED AND ORDAINED by the Mayor and Council of the City of Hagerstown, Maryland, as its duly constituted legislative body, as follows:

1. Chapter 173 of the Code of the City of Hagerstown, § 173-26(C), is hereby amended to prohibit soliciting as follows:

§ 173-26. Soliciting and aggressive soliciting.

C. Soliciting in certain ways and places prohibited. It is unlawful for any person to engage in soliciting:

(1) Within 10 feet of the entrance to a bank, financial institution or automatic teller machine (ATM);

(2) In any public transportation vehicle or at any bus stop;

(3) From any operator or occupant of a motor vehicle that is in traffic on a public street, whether in exchange for a service or otherwise; *or*

(4) In a public park, garden, playground, or other recreational facility.

Soliciting and aggressive soliciting
§ 173-26

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED THAT this ordinance shall become effective upon the expiration of thirty calendar days following its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
____________________________ Donna K. Spickler, City Clerk	____________________________ Robert E. Bruchey, II, Mayor
Date of Introduction: September 25, 2018 Date of Passage: October 23, 2018 Effective Date: November 24, 2018	PREPARED BY: SALVATORE & MORTON, LLC CITY ATTORNEYS

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Introduction of an Ordinance: Amending Section 173-5 of the Code of the City of Hagerstown - Public exhibitions at dangerous elevations

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:
I hereby move for the Mayor and City Council to introduce the attached Ordinance to amend the Code of the City of Hagerstown, Section 173-5, entitled *Public Exhibitions at Dangerous Elevations.* The amendment will enable the Mayor and Council to grant an exception to the prohibition against being engaged or concerned in any show or public exhibition by ropes, chains or apparatus suspended at dangerous elevation above the ground, subject to such restrictions and conditions as the Mayor and Council may impose.

Action Dates:

DATE OF INTRODUCTION:	10/23/2018
DATE OF PASSAGE:	11/6/2018
EFFECTIVE DATE:	12/6/2018

ATTACHMENTS:

File Name	Description
Motion_Intro_Ordinance_-_173-5_Dangerous_Elevations.pdf	Motion Ordinance Amending Section 173 Dangerous Elevations

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Introduction of an Ordinance: Amending Section 173-5 of the Code of the City of Hagerstown - *Public Exhibitions at Dangerous Elevations***

Charter Amendment	__
Code Amendment	__
Ordinance	X_
Resolution	__
Other	__

MOTION: I hereby move for the Mayor and City Council to introduce the attached Ordinance to amend the Code of the City of Hagerstown, Section 173-5, entitled *Public Exhibitions at Dangerous Elevations.* The amendment will enable the Mayor and Council to grant an exception to the prohibition against being engaged or concerned in any show or public exhibition by ropes, chains or apparatus suspended at dangerous elevation above the ground, subject to such restrictions and conditions as the Mayor and Council may impose.

DATE OF INTRODUCTION:	10/23/2018
DATE OF PASSAGE:	11/6/2018
EFFECTIVE DATE:	12/6/2018

CITY OF HAGERSTOWN, MARYLAND

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF HAGERSTOWN, SECTION 173-5 THEREOF, ENTITLED *PUBLIC EXHIBITIONS AT DANGEROUS ELEVATIONS*

RECITALS

WHEREAS, by virtue of State Law and the City Charter, the City of Hagerstown has the authority to protect and preserve the health of the City and its inhabitants; and

WHEREAS, by virtue of State Law and the City Charter, the City of Hagerstown has the authority to regulate amusements; and

WHEREAS, the Mayor and Council desire to amend Section 173-5 of the Code of the City of Hagerstown to include a provision enabling the Mayor and Council to grant an exception to the prohibition against being engaged or concerned in any show or public exhibition by ropes, chains or apparatus suspended at a dangerous elevation above the ground, provided that appropriate restrictions and conditions are required; and

WHEREAS, the Mayor and Council believe it to be in the best interest of its citizens to do so;

NOW, THEREFORE, BE IT RESOLVED, ENACTED AND ORDAINED by the Mayor and Council of the City of Hagerstown, Maryland, as its duly constituted legislative body, as follows:

1. The foregoing recitals are incorporated herein by reference.

2. Chapter 173 of the Code of the City of Hagerstown, § 173-5, is hereby amended to include a provision enabling the Mayor and Council to grant an exception to the prohibition against being engaged or concerned in any show or public exhibition by ropes, chains or apparatus suspended at a dangerous elevation above the ground, provided that appropriate safety measure are instituted:

§ 173-5. Public exhibitions at dangerous elevations.

A. It shall be unlawful for any person within the corporate limits of the City to be in any manner engaged or concerned in any show or public exhibition by ropes, chains or apparatus suspended at a dangerous elevation above the ground upon any street, alley or square or above a stage or floor if within any building.

B. Notwithstanding this provision, upon application or upon its own initiative, the Mayor and Council of the City of Hagerstown may permit any individual or individuals to be engaged or concerned in a show or exhibition by ropes, chains or apparatus suspended at a dangerous elevation, subject to such restrictions and conditions as the Mayor and Council may impose.

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED THAT this ordinance shall become effective upon the expiration of thirty calendar days following its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
______________________________ Donna K. Spickler, City Clerk	______________________________ Robert E. Bruchey, II, Mayor
Date of Introduction: October 23, 2018 Date of Passage: November 6, 2018 Effective Date: December 6, 2018	PREPARED BY: SALVATORE & MORTON, LLC CITY ATTORNEYS

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of a Resolution: Drinking Water Bond, Series 2018A and Drinking Water Bond, Series 2018B for two projects referred to as RC Willson - Traveling Screen Replacement & Pump Station Improvements

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Water_Bonds.pdf	Approval of a Resolution

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: **October 23, 2018**

TOPIC: **Approval of a Resolution: City of Hagerstown (i) Drinking Water Bond, Series 2018A and (ii) Drinking Water Bond, Series 2018B for two projects referred to as RC Willson – Traveling Screen Replacement and Pump Station Improvements**

Charter Amendment	________
Code Amendment	________
Ordinance	________
Resolution	X
Other	________

MOTION:
I hereby move for the approval of the resolution providing for the sale, issuance and delivery by City of Hagerstown to Maryland Water Quality Financing Administration ("MWQFA") of the City's (i) Drinking Water Bond, Series 2018A (the "Series 2018A Bond") in the original principal amount of $765,960 and (ii) Drinking Water Bond, Series 2018B (the "Series 2018B Bond") in the original principal amount of $255,320, or such lesser amount or amounts as shall be determined by City officials is necessary prior to issuance, in order to finance, reimburse or refinance costs of the projects referenced in "TOPIC" above.

The resolution provides that the Series 2018A Bond shall have scheduled principal installments due on February 1 in the years 2020-2039, inclusive, and shall bear interest at the rate equal to 25% of the average of the Bond Buyer 11-Bond Index for the month prior to the month of delivery (MWQFA may round down the resulting rate). There is no scheduled amortization for the Series 2018B Bond. The resolution provides that so long as the City does not default under the loan agreement corresponding to the Series 2018B Bond, that bond will be deemed terminated and cancelled 10 years after the date of its delivery, but if the City defaults in such 10 year period MWQFA may demand immediate repayment of such bond with interest at a rate equal to 100% of the average of the Bond Buyer 11-Bond Index for the month prior to the month of delivery (MWQFA may round down the resulting rate). The amortization schedule for the Series 2018A Bond is based on identified expected delivery and project completion dates, and the resolution provides the bonds may have other terms in the circumstances provided for in the resolution.

The Series 2018A Bond is subject to mandatory prepayment in accordance with EPA regulations. The Series 2018A Bond may be prepaid at the City's option only with the agreement of the Director of MWQFA.

The resolution approves the substantially final forms of two loan agreements to be entered into by the City with MWQFA. The resolution pledges the City's full faith and credit and unlimited taxing power to payment of the bonds, provides that debt service shall be payable in the first instance from water supply system revenues, and acknowledges the pledge of moneys that the City is entitled to receive from the State of Maryland as security for the two bonds. The resolution fixes or provides for other details relating to the bonds.

Closing on the two bonds shall take place on October 31, 2018 unless City officials and MWQFA agree otherwise. If the bonds are delivered in October 2018 as expected, the interest rate on the Series 2018A Bond is 0.80% and the default rate for both bonds is 3.56%.

DATE OF PASSAGE: 10/23/2018
EFFECTIVE DATE: 10/23/2018

BULLET POINTS SUMMARY OF
CITY OF HAGERSTOWN RESOLUTION
FOR 2018 MWQFA LOANS

- The Recitals define the two projects that collectively constitute the "Project", and identify categories of allowable costs of the Project and trace authority for issuance of the bonds evidencing the loans from the Maryland Water Quality Financing Administration ("MWQFA").
- Section 1contains rules of construction
- For the Project, the City will receive 2 loans, one in principal amount not to exceed $765,960 and the other in principal amount not to exceed $255,320.
- Each loan from MWQFA will be evidenced by a general obligation bond issued by the City to MWQFA. The two bonds are defined in the resolution as the Series 2018A Bond and the Series 2018B Bond. Interest on the Series 2018A Bond will be tax-exempt. Interest on the Series 2018B Bond will be treated as taxable due to the principal forgiveness feature of that bond. The Series 2018A Bond will have a scheduled amortization. The Series 2018B Bond will not have a scheduled amortization.
- Bond proceeds may be applied to costs of the Project only to the extent permitted by MWQFA.
- With respect to the Series 2018A Bond, based on current expectations that loan closing will occur on October 31, 2018 and the Project will be completed on February 7, 2019, the first of 20 principal installments will be due on February 1, 2020 and interest will be payable each February 1 and August 1, commencing February 1, 2019.
- Debt service on the Series 2018A Bond will be calculated on a roughly level debt service basis, based on the interest rate established by the formula provided for in the resolution. Interest on the Series 2018A Bond will be payable at the per annum rate determined as 25% of the average of the Bond Buyer 11-Bond Index for the month prior to the month in which bond closing occurs; the resulting rate may be rounded down by MWQFA in its sole discretion. Assuming closing occurs in October 2018, the interest rate will be 0.80%.
- Appropriate officials are authorized to approve the final debt service schedule for the Series 2018A Bond based on MWQFA requirements, including to reflect any change in payment dates because of a change in closing date and/or estimated Project completion date.
- With respect to the Series 2018B Bond, the City will not be required to pay debt service on such bond unless the City defaults under the corresponding loan agreement with respect to such bond within the 10 years following closing on such bond. If the City does so default in that 10-year period, MWQFA has the right to declare all outstanding principal of such bond immediately due and payable with interest at the rate of 100% of the average of the Bond Buyer 11-Bond Index for the month prior to the month in which such bond was delivered (which rate may be rounded down by MWQFA in its sole discretion), with interest accruing from the date of demand. If the City does not default with respect to such bond in the 10-year period following delivery, such bond will be deemed forgiven and terminated on the 10-year anniversary date. Assuming closing occurs in October 2018, the applicable demand interest rate is 3.56%.

- The City may prepay the Series 2018A Bond only to the extent permitted by the Director of MWQFA. Such bond shall be subject to mandatory prepayment to the extent required by the EPA's State Revolving Fund Program Regulations.
- The City will enter into a loan agreement with MWQFA with respect to each bond. The substantially final forms of the loan agreements are attached as Exhibits A and B to each resolution. The Mayor is authorized to complete, execute and deliver the loan agreements.
- Principal proceeds of the bonds will be advanced to the City in accordance with the respective loan agreements. As provided in each loan agreement, MWQFA may reduce the maximum amount of the corresponding loan and, in such event, the amortization schedule for the Series 2018A Bond may be adjusted accordingly.
- Late charges and additional interest (to the extent permitted by law) will be due with regard to any late payments of debt service on the bonds.
- The Director of Finance shall serve as registrar for the bonds. Standard provisions regarding exchange and transfer of the bonds are included in the resolution.
- Each bond shall be in substantially the form of Exhibit F to the substantially final form of the corresponding loan agreement that is attached as an exhibit to the resolution, and the final form of each bond shall be executed by the Mayor and the seal shall be impressed thereon and attested to by the City Clerk.
- The City is authorized to pay (from non-bond proceeds) any fees or costs provided for in the loan agreements; these include Administrative Fee payments required by the loan agreements.
- The City pledges any moneys that it is entitled to receive from the State of Maryland, including its share of income tax revenues collected by the State, to secure its obligations under the loan agreements. Pursuant to the loan agreements, this pledge will allow MWQFA, upon a default by the City, to activate an intercept mechanism with the State.
- The City acknowledges the provisions of each loan agreement that allows MWQFA to accelerate payments on the corresponding bond upon a default by the City.
- Each of the Mayor, the City Administrator and the Director of Finance is designated as an "Authorized Officer" for purposes of the loan agreements.
- MWQFA requires a borrower to identify "dedicated sources of revenue". Debt service on the bonds shall be payable in the first instance from revenues of the water supply system serving the City (to the extent lawfully available for such purpose). The City pledges its full faith and credit and unlimited taxing power to payment of the bonds and may pay debt service on the bonds from any other available revenues.
- Each of the Mayor and the Director of Finance, acting individually or in concert, is authorized to approve and sign a certificate regarding the tax-exempt status of interest on the Series 2018A Bond. The City covenants to comply with provisions of the federal tax code and related regulations applicable to the Series 2018A Bond. Such officials are authorized to make any applicable representations, certifications or designations contemplated by the federal tax code and related regulations, including, without limitation, confirming the City's "small issuer" status if applicable (which exempts the City from having to comply with arbitrage rebate requirements).
- The City shall apply proceeds of the bonds only as permitted by the respective loan agreements, the Safe Drinking Water Act (identified in the resolutions) and the statutes relating to MWQFA.

- Provisions of the resolution shall be liberally construed.

Exhibit A – substantially final form of Loan Agreement relating to the Series 2018A Bond.
Exhibit B – substantially final form of Loan Agreement relating to the Series 2018B Bond.

RESOLUTION NO. R-18-52

A RESOLUTION of the Council of City of Hagerstown adopted pursuant to the authority of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, Sections 717 and 719 of the Charter of the City of Hagerstown, and Ordinance No. O-16-15, passed by the Council of the City (the "Council") on July 26, 2016, approved by the Mayor of the City (the "Mayor") on July 26, 2016 and effective on August 26, 2016, as amended and supplemented by Ordinance No. O-18-04, passed by the Council on April 3, 2018, approved by the Mayor on April 3, 2018 and effective on May 4, 2018 (collectively, the "Ordinance"), authorizing and empowering City of Hagerstown (the "City") to issue and sell, upon its full faith and credit, two separate series of general obligation bonds in the respective aggregate principal amounts not to exceed Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00) and Two Hundred Fifty-five Thousand Three Hundred Twenty Dollars ($255,320.00), to be designated, respectively, "City of Hagerstown Drinking Water Bond, Series 2018A" and "City of Hagerstown Drinking Water Bond, Series 2018B" or as otherwise required as provided herein, the bonds to be issued and sold and the proceeds thereof to be used for and applied to the public purpose of financing or reimbursing costs of two projects identified as RC Willson – Traveling Screen Replacement and Pump Station Improvements and related costs as provided herein; prescribing, approving and adopting the forms and tenor of the bonds, the terms and conditions for the issuance and sale of the bonds by private sale, without public bidding, to the Maryland Water Quality Financing Administration (the "Administration"), and other details incident thereto, and authorizing the Mayor, on behalf of the City, to adjust and to fix certain details of the bonds; providing for the potential forgiveness of one of the bonds; approving, and authorizing and directing the execution and delivery of, two Loan Agreements with the Administration pursuant to which advances will be made under the bonds; authorizing certain officials to take certain actions with respect to the Loan Agreements and designating certain officials as "Authorized Officers" for purposes of the Loan Agreements; providing for the disbursement of advances of the bonds; providing for the levy and collection of ad valorem taxes sufficient for the prompt payment of the principal of and interest on the bonds; pledging the full faith and credit and unlimited taxing power of the City to the prompt payment of the principal of and interest on the bonds; providing that the principal of and interest on the bonds will be payable in the first instance from revenues received by the City in connection with the operation of the water supply system serving the City, to the extent lawfully available therefor; providing that the principal of and interest on the bonds also may be paid from any other sources of revenue lawfully available to the City for such purpose; authorizing and directing officials and employees of the City to take any and all action necessary to complete and close the sale and delivery of the bonds; making or providing for the making of certain representations, covenants or designations relating to the tax-exempt status of interest payable on one of the bonds; providing that notwithstanding anything to the contrary contained in the Ordinance or this Resolution, the City shall use and apply proceeds of the bonds only as permitted by the Loan Agreements, the Safe Drinking Water Act (as defined in the Loan

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

Agreements) and the Act (as defined in the Loan Agreements); providing that the provisions of this Resolution shall be liberally construed; and otherwise generally relating to the issuance, sale, delivery and payment of and for the bonds.

RECITALS

1. City of Hagerstown, a municipality of the State of Maryland within the meaning of the Enabling Act identified below and a municipal corporation of the State of Maryland within the meaning of the MWQFA Act identified below (the "City"), is authorized and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"), Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "MWQFA Act"), and Sections 717 and 719 of the Charter of City of Hagerstown, as replaced, supplemented or amended (the "Charter"), to borrow money for any proper public purpose in connection with the water supply system serving the City and surrounding areas and to evidence such borrowing by the issuance and sale of its general obligation bonds.

2. Pursuant to Ordinance No. O-16-15, passed pursuant to the authority of the Enabling Act, the MWQFA Act and Sections 717 and 719 of the Charter by the Council of the City (the "Council") on July 26, 2016, approved by the Mayor of the City (the "Mayor") on July 26, 2016 and effective on August 26, 2016 ("Ordinance No. O-16-15"), as amended and supplemented by Ordinance No. O-18-04, passed by the Council on April 3, 2018, approved by the Mayor on April 3, 2018 and effective on May 4, 2018 (collectively with Ordinance No. O-16-15, the "Ordinance"), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of its general obligation bonds in an aggregate principal amount not to exceed One Million One Hundred Thousand Dollars ($1,100,000.00) (the "Authorized Bonds"), and the Ordinance provides

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<u>Underlining</u> : Indicates material added by amendment after introduction
~~Strike-through~~ : Indicates material deleted by amendment after introduction

that any such series may consist of one or more bonds and that any bond may be issued in installment form and/or draw-down form.

3. The Ordinance provides that the proceeds of the Authorized Bonds are to be used and applied for the public purpose of financing, reimbursing or refinancing costs incurred in connection with undertaking activities relating to two projects identified in the City's fiscal year 2017 budget as (i) RC Willson – Traveling Screen Replacement, which generally involves the replacement of existing traveling screens at the R.C. Willson Water Plant and related equipment, and (ii) Pump Station Improvements, which generally involves acquiring and installing new tank mixing systems at various finished water tanks in order to comply with the Safe Drinking Water Act (as defined in Ordinance No. O-16-15) Stage 2 Disinfection By-Product Rule requirements, which costs include the acquisition of or payment for, as applicable, necessary property rights and equipment, related site and utility improvements and related architectural, engineering, planning, design, bidding, acquisition, construction, improvement, installation, modification, demolition, removal, renovation, reconstruction, rehabilitation, equipping, inspection, construction management and permitting expenses, costs of related activities, improvements and appurtenances, and related administrative, financial and legal expenses and costs of issuance (collectively, the "Project"), all to the extent permitted by the Maryland Water Quality Financing Administration (the "Administration").

4. The City has determined that it is in the best interest of the City and its citizens to issue and sell to the Administration at this time two series of general obligation bonds, each consisting of a single bond, in order to finance or reimburse Costs of the Project in accordance with, and pursuant to, the authority contained in the Enabling Act, the MWQFA Act, Sections 717 and 719 of the Charter

<u>Underlining</u> : Indicates material added by amendment after introduction
~~Strike-through~~ : Indicates material deleted by amendment after introduction

and the Ordinance, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation bonds are to be used and applied as herein set forth.

5. The Administration requires that its borrowers identify dedicated sources of revenue within the meaning provided for in each loan agreement that a borrower enters into with the Administration.

6. Pursuant to the Ordinance, the Council pledged its full faith and credit and unlimited taxing power to payment of the Bonds identified in this Resolution and provided that debt service thereon would be payable in the first instance from revenues received by the City in connection with the operation of the water supply system serving the City and surrounding areas, including charges for the use of or connection to such water supply system, all to the extent such revenues are lawfully available for such purpose.

BE IT RESOLVED BY THE COUNCIL OF CITY OF HAGERSTOWN:

Section 1. (a) The Recitals to this Resolution are incorporated by reference herein and are deemed a substantive part of this Resolution, and capitalized terms defined in the Recitals to this Resolution and used in the Sections of this Resolution will have the meanings given to such terms in the Recitals hereto.

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter, the code of ordinances of the City (the "City Code") or other applicable law or authority to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the Charter, the City Code or other applicable law or authority, (iii) to any person who serves in a "deputy", "associate" or "assistant" capacity as such an official,

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provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the City Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the City Code, the official, however known, who is charged under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) References in this Resolution to the "principal amount" of the Bonds identified herein shall be construed to mean the par amount of such Bonds.

(d) The Ordinance provides that references to the Project therein include any modifications, amendments or references to components of the Project as provided for in the fiscal year 2017 budget or future budgets of the City, including, without limitation, any changes in the scope of components of the Project or the names of components of the Project used in budgetary materials. The two projects comprising the Project were submitted to the Administration as a single project under the name "R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank Mixing Project (Phase IV-C)." Therefore, all documents originating from the Administration use the title as submitted to the Administration. The collective components of the Project identified in the definition of the Project in Recital 3 above and the project as referred to by the Administration as identified in Recital 3 above are one and the same. References to the Project in this Resolution are intended to have the same meanings as set forth in or provided for in the Ordinance.

Section 2. (a) Pursuant to the authority of the Enabling Act, the MWQFA Act, Sections 717 and 719 of the Charter and the Ordinance, the City hereby determines to issue and sell,

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upon its full faith and credit, two separate series of general obligation bonds for the public purpose of financing or reimbursing costs of the Project. One such series shall consist of a single general obligation bond issued in an original principal amount not to exceed Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00) and shall be designated as the "City of Hagerstown Drinking Water Bond, Series 2018A" or by such additional or different designation as may be required by the Administration (the "Series 2018A Bond"). The other such series shall consist of a single general obligation bond issued in an original principal amount not to exceed Two Hundred Fifty-five Thousand Three Hundred Twenty Dollars ($255,320.00) and shall be designated as the "City of Hagerstown Drinking Water Bond, Series 2018B" or by such additional or different designation as may be required by the Administration (the "Series 2018B Bond" and, together with the Series 2018A Bond, the "Bonds", or, individually, a "Bond"). Payment of the Series 2018B Bond shall be subject to forgiveness by the Administration in accordance with the provisions of Section 3(j) hereof and the terms of the Series 2018B Bond and the Series 2018B Loan Agreement (as defined in Section 8(b) hereof). The Mayor, on behalf of the City, with the advice of the City Administrator of the City (the "City Administrator") and the Director of Finance of the City (the "Director of Finance"), is hereby authorized and directed to determine and approve the final original principal amounts of the respective Bonds, provided that (i) the final original principal amount of the Series 2018A Bond shall not exceed Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00), (ii) the final original principal amount of the Series 2018B Bond shall not exceed Two Hundred Fifty-five Thousand Three Hundred Twenty Dollars ($255,320.00), and (iii) the final original principal amounts of both Bonds shall meet the Administration's requirements with respect to the proportional amount of each such Bond issued for Project purposes, such determination and approval to be evidenced

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conclusively by the Mayor's execution and delivery of the Bonds reflecting such finally determined principal amounts pursuant to Sections 5 and 7 of this Resolution.

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

(c) The Series 2018A Bond evidences a loan from the Administration that has been given a project name of "R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) – Loan 1" by the Administration. The Series 2018B Bond evidences a loan from the Administration that has been given a project name of "R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) – Loan 2" by the Administration.

Section 3. (a) The Bonds shall be issued and sold upon the full faith and credit of the City, shall be dated the date of their delivery, shall be numbered RA-1 and RB-1, respectively, and shall be issued in the form of single, fully-registered bonds, without coupons attached. The Series 2018A Bond shall be issued in installment form as authorized pursuant to the Ordinance.

(b) Subject to the provisions of subsections (d) and (e) below and the further provisions of this subsection (b), the principal amount of the Series 2018A Bond advanced under the Series 2018A Loan Agreement (as defined in Section 8(b) hereof) shall be paid in twenty (20) installments on the dates and in the amounts as set forth in the following schedule, as such schedule may be revised in accordance with the provisions of the Series 2018A Bond and the Series 2018A Loan Agreement:

Due February 1	Principal Amount	Due February 1	Principal Amount
2020	$35,468.49	2030	$38,410.33
2021	35,752.24	2031	38,717.61
2022	36,038.26	2032	39,027.35
2023	36,326.56	2033	39,339.57
2024	36,617.18	2034	39,654.29
2025	36,910.11	2035	39,971.52
2026	37,205.39	2036	40,291.30
2027	37,503.04	2037	40,613.63
2028	37,803.06	2038	40,938.53
2029	38,105.49	2039	41,266.05

The foregoing amortization schedule is calculated based on an assumed date of delivery for the Series 2018A Bond of October 31, 2018 and a per annum interest rate of 0.80%, calculated in accordance with subsection (c) below for such assumed delivery date. Notwithstanding the foregoing amortization schedule, the Mayor, on behalf of the City, with the advice of the City Administrator and the Director of Finance, is hereby authorized and empowered to approve a revised amortization schedule for the Series 2018A Bond prior to the delivery thereof that is approved by the Administration and (i) corrects any typographical errors reflected in the foregoing amortization schedule, (ii) accounts for the issuance of the Series 2018A Bond in an original principal amount of less than Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00), (iii) accounts for delivery of the Series 2018A Bond on a date other than October 31, 2018, (iv) takes into account financial considerations of the City, including, without limitation, the repayment requirements with regard to other outstanding obligations of the City and/or (v) is structured to meet the Administration's program requirements and the requirements of the MWQFA Act, such approval of any revised amortization schedule to be evidenced conclusively by the Mayor's execution and delivery of the Series 2018A Bond containing such revised amortization schedule in accordance with the provisions of Sections 5 and 7 of this Resolution.

(c) The Series 2018A Bond, or so much of the principal amount thereof as shall have been advanced from time to time under the terms of the Series 2018A Loan Agreement, shall bear interest from its dated date at an annual rate of interest equal to 25% of the average of the Bond Buyer 11-Bond Index for the month prior to the month in which the Series 2018A Bond is delivered, provided that, the rate determined by such calculation may be rounded down by the Administration in its sole discretion. Interest due on the unpaid principal amounts advanced under the Series 2018A Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the dates of the respective advances of such principal amounts, and, subject to the provisions of subsection (d) below, shall be paid on February 1, 2019, and semiannually thereafter on the 1st day of August and February in each year until the principal amount of the Series 2018A Bond has been paid.

(d) The payment dates and principal installments provided for in the foregoing subsections (b) and (c) are based on an anticipated date of delivery of the Series 2018A Bond on October 31, 2018 and an estimated completion date for the Project of February 7, 2019. Notwithstanding the foregoing, in the event the Series 2018A Bond, for whatever reason, is delivered on a date other than October 31, 2018, the estimated completion date for the Project is determined prior to the delivery of the Series 2018A Bond to be earlier or later than February 7, 2019, or the Administration determines in accordance with its program requirements that a different amortization schedule is required, the Mayor, on behalf of the City, is hereby authorized and directed to adjust and change the principal payment dates and principal installment amounts (including, without limitation, by providing for a first minimum principal payment on a date specified by the Administration and/or by otherwise adjusting the dates on which principal and/or interest will commence and will otherwise be due and/or by adjusting the principal amounts set forth in subsections (b) and (c) above to reflect any change in the payment dates) and to approve the revised amortization schedule prepared by the Administration on a roughly level debt service basis, all as required by the Administration in order to meet the requirements of Section 9-1605.1(d)(1)(iv) of the MWQFA Act or to meet other requirements of the Administration, provided that the final original principal amount of the Series 2018A Bond does not exceed Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00), such approval and adjustment to be evidenced conclusively by the Mayor's execution and delivery of the Series 2018A Bond containing such revised amortization schedule in accordance with the provisions of Sections 5 and 7 of this Resolution.

(e) If the Administration determines at any time following delivery of the Series 2018A Bond to reduce the maximum amount of the Loan Commitment (as defined in the Series 2018A Loan Agreement) relating to the Series 2018A Bond in accordance with Section 3.08 of the Series 2018A Loan Agreement, the Maximum Principal Amount (as defined in the Series 2018A Bond) of the Series 2018A Bond shall be reduced accordingly and such Maximum Principal Amount as so reduced shall be amortized as provided in the Series 2018A Loan Agreement. In such event, as determined by the Administration, the City may execute and deliver (in the manner provided for in Sections 5 and 7 hereof for the original delivery of the Series 2018A Bond) a new Series 2018A Bond evidencing such reduction in the Loan Commitment and/or the Mayor may execute and deliver any certificates, documents or instruments as the Administration may require pursuant to Section 3.08 of the Series 2018A Loan Agreement.

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(f) The City shall pay (i) a late charge for any payment of principal of or interest on the Series 2018A Bond that is received later than the tenth (10th) 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 the Default Rate provided for in the Series 2018A Loan Agreement, which Default Rate shall be equal to 100% of the average of the Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series 2018A Bond is delivered, provided that the rate determined by such calculation may be rounded down by the Administration in its sole discretion. Amounts payable pursuant to this subsection (f) 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.

(g) The principal of the Series 2018B Bond advanced under the Series 2018B Loan Agreement (as defined in Section 8(b) hereof) shall be payable upon demand by the Administration in accordance with the Series 2018B Loan Agreement, together with interest at an annual rate equal to one hundred percent (100%) of the average of the Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series 2018B Bond is delivered (provided that the rate determined by such calculation may be rounded down by the Administration in its sole discretion), accruing from the date on which such demand is made by the Administration, which demand may be made at any time prior to that date which is the ten (10) year anniversary of the date of delivery of the Series 2018B Bond. Prior to any such date of demand, the Series 2018B Bond shall bear interest at the rate of zero percent (0.00%) per annum.

(h) The City shall pay a late charge for any payment of principal of or interest on the Series 2018B Bond that is received later than the thirtieth (30th) day following the date of demand for payment of the Series 2018B Bond, in an amount equal to 5% of such payment.

(i) If the Administration determines at any time following delivery of the Series 2018B Bond to reduce the maximum amount of the Loan Commitment (as defined in the Series 2018B Loan Agreement) relating to the Series 2018B Bond in accordance with Section 3.08 of the Series 2018B Loan Agreement, the Maximum Principal Amount (as defined in the Series 2018B Bond) of the Series 2018B Bond shall be reduced accordingly. In such event, as determined by the Administration, the City may execute and deliver (in the manner provided for in Sections 5 and 7 hereof) a new Series 2018B Bond evidencing such reduction in the Loan Commitment and/or the Mayor may execute and deliver any certificates, documents or instruments as the Administration may require pursuant to Section 3.08 of the Series 2018B Loan Agreement.

(j) PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION 9-1605.1(d)(8) OF THE MWQFA ACT, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE SERIES 2018B LOAN AGREEMENT) UNDER ARTICLE III OF THE SERIES 2018B LOAN AGREEMENT AND THE SERIES 2018B BOND SO LONG AS THE CITY PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE SERIES 2018B LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE SERIES 2018B LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE CITY, PAYMENT OF THE PRINCIPAL OF THE LOAN EVIDENCED BY THE SERIES 2018B BOND AND THE INTEREST THEREON FROM THE DATE OF DEMAND AT THE RATE

DETERMINED IN ACCORDANCE WITH SUBSECTION (g) ABOVE WILL BE DUE AND PAYABLE UPON DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2018B BOND BY THAT DATE WHICH IS THE TEN (10) YEAR ANNIVERSARY OF THE DATE OF DELIVERY OF THE SERIES 2018B BOND, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THE SERIES 2018B BOND, THE SERIES 2018B BOND SHALL BE DEEMED CANCELLED AND THE LOAN EVIDENCED BY THE SERIES 2018B BOND AND THE SERIES 2018B LOAN AGREEMENT SHALL BE DEEMED TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

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

<u>Section 4</u>. The Series 2018A Bond shall be subject to mandatory prepayment, in whole or in part, as, when and to the extent required by the United States Environmental Protection Agency's (and its successors) State Revolving Fund Program Regulations. Otherwise, the Series 2018A Bond may be prepaid by the City, in whole or in part, only at such times and in such amounts, and upon payment by the City of such prepayment premium or penalty, as the Director of the Administration, in his or her discretion, may specify and approve.

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Section 5. The Bonds shall be executed in the name of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed to the Bonds and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event any official whose signature shall appear on a Bond shall cease to be such official prior to the delivery of such Bond, or, in the event any such official whose signature shall appear on a Bond shall have become such after the date of delivery thereof, said Bond shall nevertheless be a valid and binding obligation of the City in accordance with its terms.

Section 6. The Series 2018A Bond shall be transferable only after the first principal payment date as set forth in such Series 2018A Bond or the date upon which the Maximum Principal Amount of the Series 2018A Bond has been borrowed, whichever is earlier, and the Series 2018B Bond shall be transferable only after the date upon which the Maximum Principal Amount of the Series 2018B Bond has been borrowed. Each Bond shall be transferable upon the books of the City at the office of the Director of Finance, by the registered owner in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Director of Finance, duly executed by such registered owner or his duly authorized attorney. The City shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds of the same series as the bond surrendered, in such denominations as the City 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, as applicable, and, with respect to any bond or bonds exchanged for the Series 2018B Bond, the same forgiveness provisions. If more than one bond is issued upon any such transfer of the Series 2018A Bond, 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 the bonds representing the Series 2018A Bond 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 City may deem and treat the party in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof and interest due thereon and for all other purposes. References in this Resolution to a Bond shall be deemed to refer to any bond or bonds transferred for such Bond in accordance with the provisions of this Section 6, and references in this Resolution to the registered owner of a Bond shall be deemed to refer to any or all of the registered owners of bonds of such series contemplated by this Section 6, as applicable. Any such new bond issued in transfer or exchange may be executed and sealed as provided in Section 5 hereof with respect to the original execution and delivery of the Bonds, or as otherwise required by then-applicable law, and appropriate changes made by made to the form of the bond delivered in transfer or exchange to account for the dated date of such new bond and the then-outstanding principal amount of the applicable Bond.

Section 7. Unless the Council provides otherwise by resolution adopted prior to delivery of the Bonds, (i) the Series 2018A Bond shall be issued in substantially the form of Exhibit F to the substantially final form of the Series 2018A Loan Agreement that is attached hereto as Exhibit A, and (ii) the Series 2018B Bond shall be issued in substantially the form of Exhibit F to the substantially final form of the Series 2018B Loan Agreement that is attached hereto as Exhibit B. Appropriate variations and insertions may be made by the Mayor to provide dates, numbers and amounts, including, without limitation, to reflect matters determined in accordance with Sections 2 and 3 hereof, and other modifications not altering the substance of such forms may be made by the Mayor. All of the covenants contained in the forms of Bonds set forth as Exhibit F to the respective forms of the substantially final forms of the Loan Agreements (as defined in Section 8(b) hereof) attached hereto as Exhibit A and Exhibit B, respectively, as the Bonds may be finally completed as provided in this Section 7, are hereby adopted by the City as and for the forms of obligations to be incurred by the City, and the covenants and conditions are hereby made binding upon the City, including the promise to pay therein contained.

Section 8. (a) As authorized by the MWQFA Act and Section 717 of the Charter, the City hereby determines to sell the Bonds to the Administration by private sale, without public bidding, which sale by private sale is hereby deemed by the City to be in its best interest and in the interest of its citizens due, in part, to the benefit of the structures of the Bonds as draw-down obligations, the low interest rate for the Series 2018A Bond and the potential forgiveness of the Series 2018B Bond. Therefore, and pursuant to the authority of the MWQFA Act and Section 717 of the Charter, each Bond shall be sold to the Administration by private sale, without public bidding, for a price of the par amount of such Bond or so much of the par amount of such Bond as is advanced to the City (such purchase price to be advanced in accordance with the applicable Loan Agreement, as defined in subsection (b) below). Each Bond is referred to in the corresponding Loan Agreement as the "Note."

(b) The Series 2018A Bond shall be sold to the Administration and the purchase price of the Series 2018A Bond shall be advanced to the City in accordance with the Loan Agreement relating to the Series 2018A Bond (the "Series 2018A Loan Agreement"), the substantially final form of which is attached hereto as Exhibit A. The Series 2018B Bond shall be sold to the Administration and the purchase price of the Series 2018B Bond shall be advanced to the City in accordance with the Loan Agreement relating to the Series 2018B Bond (the "Series 2018B Loan Agreement"), the substantially final form of which is attached hereto as Exhibit B. The Series 2018A Loan Agreement and the Series 2018B Loan Agreement are referred to herein collectively as the "Loan Agreements" and individually as a "Loan Agreement."

(c) The substantially final forms of the Loan Agreements attached hereto as Exhibit A and Exhibit B reflect the expectation, as of the date of this Resolution, that (i) the final original principal amount of the Series 2018A Bond will be Seven Hundred Sixty-five Thousand Nine Hundred Sixty Dollars ($765,960.00), (ii) the final original principal amount of the Series 2018B Bond will be Two Hundred Fifty-five Thousand Three Hundred Twenty Dollars ($255,320.00) and (iii) the Bonds will be delivered on October 31, 2018. The Mayor, on behalf of the City, is hereby authorized and directed to complete, execute and deliver the Loan Agreements for and in the name of the City with such changes, insertions and deletions as shall be approved by the Mayor, including, without limitation, to reflect matters determined in accordance with the provisions of this Resolution, to comply with program requirements of the Administration, to account for a different date or dates of estimated completion of the Project or delivery of the Bonds, to complete the exhibits to the substantially final forms of the Loan Agreements attached hereto as Exhibits A and B, or as are determined by the Mayor not to be materially adverse to the interests of the City. The Mayor's approval of any such changes, insertions or deletions shall be evidenced conclusively by the Mayor's execution and delivery of the Loan Agreements in final form.

(d) Notwithstanding anything to the contrary contained in this Resolution, advances under the Loan Agreements or the Bonds, payment or prepayment of the principal of and any interest on the

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Bonds, and transfers or exchanges of the Bonds shall be made in accordance with the respective Loan Agreements. The City agrees to abide by and perform the covenants and agreements set forth in the Loan Agreements as executed and delivered in accordance with this Section 8 as though such covenants and agreements were set forth in full in this Resolution.

(e) The City hereby reconfirms the provisions of Section 9 of Ordinance No. O-16-15, which authorized and directed the City to pay any fees or costs provided for in the Loan Agreements which are not payable from Bonds proceeds, including, without limitation, any administrative fees and ongoing fees and expenses, and acknowledges that its obligation to pay such amounts shall be absolute and unconditional to the extent provided in the Loan Agreements.

(f) The City hereby reconfirms the provisions of Section 6(b) of Ordinance No. O-16-15, which acknowledged that the provisions of Article IV of each Loan Agreement (Events of Default and Remedies) allow for, among other remedies, all payments on the applicable Bond to be declared immediately due and payable upon the occurrence of an Event of Default provided for in such Loan Agreement.

(g) As security for payment of the Bonds and any other amounts due under the Loan Agreements, the City hereby acknowledges, confirms and agrees that the pledge of moneys that the City is entitled to receive from the State of Maryland, as authorized by Section 9-1606(d) of the MWQFA Act and provided for in Section 7 of Ordinance No. O-16-15, is set forth in Section 3.05(c) of each Loan Agreement.

(h) Notwithstanding any provisions of this Resolution, in the event of a discrepancy between the provisions of the Series 2018A Loan Agreement, the Series 2018A Bond, the Series 2018B Loan Agreement or the Series 2018B Bond and the provisions of this Resolution, as applicable, the provisions of the Series 2018A Loan Agreement, the Series 2018A Bond, the Series 2018B Loan Agreement or the Series 2018B Bond, as applicable, shall control.

Section 9. (a) As soon as may be practicable after the adoption of this Resolution, the Bonds shall be suitably prepared in definitive form, executed and delivered to the Administration on October 31, 2018 or another date or dates mutually acceptable to the Administration and the Mayor.

(b) Each of the Mayor, the City Administrator and the Director of Finance is hereby expressly authorized to take any actions necessary under the Loan Agreements or the Bonds in order to requisition advances on behalf of the City. Each of the Mayor, the City Administrator and the Director of Finance is hereby expressly designated as an "Authorized Officer" for purposes of the Loan Agreements and may take any action, make any determination or grant or withhold any approvals, consents or directions that are delegated to an Authorized Officer under the provisions of a Loan Agreement. In addition, the Director of Utilities of the City may execute cash draw requests on behalf of the City.

(c) The Mayor, the City Administrator, the Director of Finance, the City Clerk and all other appropriate officials and employees of the City are expressly authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale and delivery of the Bonds, (ii) subject to any limitations provided for in this Resolution, negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, and (iii) carry out the transactions contemplated by this Resolution, the Ordinance and any documents, certificates or instruments executed and delivered in connection with the issuance of the Bonds, to the extent such actions are within the spheres of their respective responsibilities.

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(d) The negotiation, approval, execution and delivery of any documents, certificates or instruments relating to the Bonds by City officials prior to the adoption of this Resolution, including, without limitation, a Loan Proceeds Questionnaire and Certificate and any cash draw requests, is hereby ratified, confirmed and approved.

Section 10. Each advance of the proceeds of the Bonds shall be paid directly to the City and shall be deposited by the Director of Finance or other appropriate City official in the proper municipal accounts, or shall be paid at the direction of the Authorized Officer, or shall be paid as otherwise required by the Administration. Advances under the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 2 hereof, unless this Resolution and, to the extent applicable, the Ordinance, are amended or supplemented to provide for some other use within the limitations of applicable law and with the consent of the Administration. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose. The proceeds of the Bonds are hereby appropriated for the purposes set forth in this Resolution.

Section 11. (a) The full faith and credit and unlimited taxing power of the City are hereby pledged to the prompt payment of the principal of and interest on the Bonds as and when the same are payable and to the imposition of the taxes hereinbelow described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds. The City shall impose or cause to be imposed, for each and every fiscal year during which each Bond may be outstanding, ad valorem taxes upon all real and tangible personal property in the City that is subject to assessment for unlimited municipal taxation at a rate and in an amount sufficient to pay the principal of and interest on such Bond payable in each such fiscal year and, in the event the

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proceeds from the collection of the taxes so imposed may prove inadequate for such purposes in any fiscal year, additional taxes shall be imposed in the subsequent fiscal year to make up any deficiency. The City hereby covenants with the registered owner of each Bond to take any action that lawfully may be appropriate from time to time during the period that such Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and interest due thereon.

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

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

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(d) Water supply system revenues are intended to be the dedicated sources of revenues with respect to the Bonds required by Section 9-1605.1(d) of the MWQFA Act, to the extent lawfully available for such purpose. Such revenues may be referred to by similar, but not exact, references on any applicable exhibits to the Loan Agreements.

Section 12. (a) Each of the Mayor and the Director of Finance, acting individually, or such officials acting in concert, are the official(s) of the City responsible for the issuance of the Series 2018A Bond within the meaning of Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the "Treasury Regulations"). Each of the Mayor and the Director of Finance, acting individually, or such officials acting in concert, also shall be the official(s) of the City responsible for the execution and delivery (on the date of delivery of the Series 2018A Bond) of a certificate of the City (the "Section 148 Certificate") that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations, and such official(s) are hereby authorized and directed to execute and deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Series 2018A Bond on the date of delivery thereof.

(b) The City shall set forth in the Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2018A Bond or of any monies, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the Series 2018A Bond pursuant to Section 148 of the Code or the Treasury Regulations (collectively, the "Series 2018A Bond Proceeds"). The City covenants with the registered owner of the Series 2018A Bond that the facts, estimates and circumstances set forth in the Section 148 Certificate will be based on the City's reasonable expectations on the date of issuance of the Series 2018A Bond and will be, to the best of the certifying officials' knowledge, true and correct as of that date.

(c) The City covenants with the registered owner of the Series 2018A Bond that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Series 2018A Bond Proceeds that would cause the Series 2018A Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the Code and the Treasury Regulations as may be applicable to the Series 2018A Bond on its date of delivery and which may subsequently lawfully be made applicable to the Series 2018A Bond as long as the Series 2018A Bond remains outstanding and unpaid.

(d) In connection with the execution and delivery of the Section 148 Certificate, the authorized officials provided for in this Section 12 are hereby authorized and empowered, on behalf of the City, to make any designations, elections, determinations or filings on behalf of the City provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the Series 2018A Bond or any other documentation deemed appropriate by bond counsel to the City, including, without limitation, representations and certifications relating to the small issuer exception from the arbitrage rebate requirements provided for in Section 148(f)(4)(D) of the Code, if applicable; provided that, only one such identified official must sign the IRS Form 8038-G.

Section 13. The City specifically covenants that it will comply with the provisions of the Code applicable to the Series 2018A Bond, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Series 2018A Bond, the use of such proceeds and the facilities financed with such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of the Series 2018A Bond or payments in lieu thereof. The City further covenants that it shall make such use of the proceeds of the Series 2018A Bond, regulate the investment of the proceeds thereof and take such other and further actions as may be required to maintain the exemption from federal income taxation of interest on the Series 2018A Bond. All officials, officers, employees and agents of the City are hereby authorized and directed to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Series 2018A Bond as may be necessary or appropriate.

Section 14. Notwithstanding anything to the contrary contained in the Ordinance or this Resolution, the City shall use and apply proceeds of the Bonds only as permitted by the Loan Agreements, the Safe Drinking Water Act (as defined in the Loan Agreements) and the Act (as defined in the Loan Agreements).

Section 15. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

Section 16. This Resolution shall become effective immediately upon its adoption.

[CONTINUED ON FOLLOWING PAGE]

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

(SEAL)

ATTEST: CITY OF HAGERSTOWN

______________________________ ______________________________

Donna K. Spickler
City Clerk

Robert E. Bruchey, II, Mayor

Introduced: ______________________________, 2018

Adopted: ______________________________, 2018

Effective: ______________________________, 2018

#203910;43111.045

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

EXHIBIT A

SUBSTANTIALLY FINAL FORM OF THE LOAN AGREEMENT
RELATING TO THE SERIES 2018A BOND

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

CITY OF HAGERSTOWN

Dated as of October 31, 2018

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made this 31st day of October, 2018, between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and City of Hagerstown, a municipal corporation 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 on behalf of the Borrower.

"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.

"Default Rate" means the interest rate so specified in Exhibit B of this Agreement.

"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 law firm with attorneys duly admitted to practice law before the highest court of any state who has or have regularly engaged in the practice of law as the primary occupation of such attorney or attorneys for at least five years. Independent Counsel may also serve as Bond Counsel if qualified to act 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 in any 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. Disbursements and Capitalized Interest.

(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. 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 and immediately apply to the interest then due and owing, 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. Amounts Payable.

(a) Loan Payments. 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 (A) the Administrative Fee set forth in Exhibit B or (B) after any date on which the outstanding principal amount of the Loan Commitment is reduced by the Administration by a notice in writing to the Borrower in accordance with this Agreement (other than by reason of the repayment of the principal of the Loan), the Administrative Fee set forth in a notice from the Administration to the Borrower in connection with such reduction. Any adjustment of the Administrative Fee in accordance with the foregoing shall be prospective only, and the Administration shall in no event be obligated to refund any portion of any Administrative Fee payment theretofore received from the Borrower.

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

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

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

Note were $4,000,000 and the Percentage Rate were 5%, the Administrative Fee to be paid each year would equal:

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

(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 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.

(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. Such notice shall specify the reason for and the amount of the reduction. 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 notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing, unless expressly stated otherwise herein. 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 only 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 and no 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. The terms, if any, set forth in Exhibit A shall be deemed to be a part of this Agreement as if set forth in full herein. In the case of any conflict between the terms set forth in Exhibit A and any term of this Agreement, the terms set forth in Exhibit A shall be controlling.

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:

____
Name:
Title:

LENDER:

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

By: ______________________________
Name:
Title:

(SEAL)

ATTEST:

____
Name:
Title:

BORROWER:

____

By: ______________________________
Name:
Title:

Approved for form and legal sufficiency

this ____ day of ________________, 2018

____
Name:
Local Attorney for Borrower

Approved for form and legal sufficiency

this ____ day of ________________, 2018

____
Name:
Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

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 February 1, 2019.

2. 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.

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

Borrower Name: City of Hagerstown
Address: 1 East Franklin Street
Hagerstown, MD 21740-4859
Attention: The Honorable Robert E. Bruchey, II, Mayor

Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CONT.):

4. The Borrower agrees to comply with EPA's Final Financial Assistance Conflict of Interest Policy and report any instances of actual or potential conflicts of interest in the award, administration, or monitoring of subawards arising from procurements or other actions. Any conflicts of interest must be immediately disclosed to the Administration within 30 days of discovery for further guidance. The EPA's Final Financial Assistance Conflict of Interest Policy is found at: https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy

5. 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 uniform administrative requirements, cost principles, and audit requirements for federal awards, 2 C.F.R. § 200.501 (see generally, Subpart F – Audit Requirements of 2 C.F.R. Part 200). The Borrower hereby agrees to obtain such single audit, if required by the Single Audit Act.

EXHIBIT B
to Loan Agreement

Borrower Name: City of Hagerstown
Address: 1 East Franklin Street
Hagerstown, MD 21740-4859
Attention: The Honorable Robert E. Bruchey, II, Mayor

Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

DESCRIPTION OF THE LOAN

(1) Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

(2) Maximum Principal Amount of Loan Commitment: $ 765,960.00

(3) Rate of Interest: 0.80% (*Based upon* 25% *of the* September 2018 *average of the Bond Buyer 11-Bond Index*)

(4) Amortization Schedule:

(a) 20 years
$1,000 Mini Principal Payment Date: N/A
Date of First of 20 Amortizing Principal Payments: February 1, 2020

(b) Level Principal ____; or
Level Debt Service X ; or
Other ________

(5) Annual Administrative Fee: $ 1,386.86, beginning August 1, 2019.

(6) Estimated Completion Date of Project: February 7, 2019

(7) Default Rate: 3.56% (*Based upon the* September 2018 *average of the Bond Buyer 11-Bond Index)*

(8) Description of Project: This phase of the multi-phased improvements to the R.C. Willson WTP includes planning, design and construction of the replacement of existing traveling water screen including, new control panels, Programmable Logic Controller (PLC), integration with existing ultrasonic level instrumentation and plant Distributed Control System (DCS), heat tracing on existing spray wash lines, new gate valves, and structural repairs to the existing traveling screen building, new motor control center supplying power to the screens and building, and other necessary equipment.

EXHIBIT B
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

DESCRIPTION OF THE LOAN (CONT.)

(9) Address for Borrower's Office(s) Where Books and Records Are Kept, if different from address printed above:

EXHIBIT C
to Loan Agreement

Borrower Name: City of Hagerstown
Address: 1 East Franklin Street
Hagerstown, MD 21740-4859
Attention: The Honorable Robert E. Bruchey, II, Mayor

Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

Description	Allocated Amount of Loan*
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/ inspection fees and contingencies	
Subtotal Loan:	$ 725,825.00

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(l) and 3.03(a) of the Agreement):

Description	Allocated Amount of Loan
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:	$ 40,135.00
Total Loan:	$ 765,960.00

EXHIBIT C
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

C. Construction Cash Draw Schedule*

Federal Quarter		Cash Disbursements*
FFY 19 Q1 (Oct 18 – Dec 18)		$ 96,363.00
FFY 19 Q2 (Jan 19 – Mar 19)		$ 669,597.00
	Total Disbursements:	$ 765,960.00

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

EXHIBIT D
to Loan Agreement

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Drinking Water Loan Agreement dated as of _______, 2018 (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 2018, dated _______, 2018 (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, nor the consummation of the transactions contemplated thereby, nor the acquisition and construction of the Project, nor the fulfillment of or compliance with the terms and conditions of the Loan Documents, conflicts with or results in a breach of or default under any of the terms, conditions or provisions of the charter or laws governing the Borrower (including any limit on indebtedness) or, to the best of our knowledge after reasonable investigation, any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Borrower is now a party or by which the Borrower or its properties are otherwise subject or bound, and the Borrower is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by the Loan Documents.

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

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

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 1

DESCRIPTION OF DEDICATED REVENUES*

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

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

EXHIBIT F
to Loan Agreement

$[MAX. AMT.] R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2018
Dated _________, 2018

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 Drinking Water Loan Agreement dated as of _____, 2018 (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:

Due [February 1]	Principal Amount	Due [February 1]	Principal Amount
2019		2029	
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	

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 (i) a late charge for any payment of principal or interest that is received later than the tenth day following its due date and (ii) interest on overdue installments of principal and (to the extent permitted by law) interest at a rate equal to the Default Rate (as defined in the Loan Agreement) in accordance with Section 3.04(b) of the Loan Agreement. Interest at the Default Rate shall accrue on the basis of a 30-day month, 360-day year.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the [INSERT AUTHORIZED OFFICERS] and the seal of the Borrower has been affixed hereto, attested by the manual signature of the [INSERT AUTHORIZED OFFICER], all as of the __ day of ____, 2018.

(SEAL)

ATTEST:

[NAME OF BORROWER]

____________________	By: ____________________
[AUTHORIZED OFFICER]	[AUTHORIZED OFFICER]

EXHIBIT B

SUBSTANTIALLY FINAL FORM OF THE LOAN AGREEMENT RELATING TO THE SERIES 2018B BOND

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

CITY OF HAGERSTOWN

Dated as of October 31, 2018

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made this 31st day of October, 2018, between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and City of Hagerstown, a municipal corporation 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 on behalf of the Borrower.

"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.

"Default Rate" means the interest rate so specified in Exhibit B of this Agreement.

"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 law firm with attorneys duly admitted to practice law before the highest court of any state who has or have regularly engaged in the practice of law as the primary occupation of such attorney or attorneys for at least five years. Independent Counsel may also serve as bond counsel if qualified to act 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 in any 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 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) 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; and

(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, except for loans made in accordance with Section 9-1605.1(d)(10) of the Act.

(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 one or more bond indentures, 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. Disbursements and Capitalized Interest.

(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. 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 and immediately apply to the interest then due and owing, 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. Amounts Payable.

(a) Loan Payments. 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 (A) the Administrative Fee set forth in Exhibit B or (B) after any date on which the outstanding principal amount of the Loan Commitment is reduced by the Administration by a notice in writing to the Borrower in accordance with this Agreement (other than by reason of the repayment of the principal of the Loan), the Administrative Fee set forth in a notice from the Administration to the Borrower in connection with such reduction. Any adjustment of the Administrative Fee in accordance with the foregoing shall be prospective only, and the Administration shall in no event be obligated to refund any portion of any Administrative Fee payment theretofore received from the Borrower.

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

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

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

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

(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 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.

(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. Such notice shall specify the reason for and the amount of the reduction. 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 notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing, unless expressly stated otherwise herein. 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 by an instrument in writing jointly executed by the Administration and the Borrower, and if applicable, only to the extent permitted by any bond indenture secured by the Loan.

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 and no 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. The terms, if any, set forth in Exhibit A shall be deemed to be a part of this Agreement as if set forth in full herein. In the case of any conflict between the terms set forth in Exhibit A and any term of this Agreement, the terms set forth in Exhibit A shall be controlling.

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:

____
Name:
Title:

LENDER:

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

By: ______________________________
Name:
Title:

(SEAL)

ATTEST:

____
Name:
Title:

BORROWER:

____

By: ______________________________
Name:
Title:

Approved for form and legal sufficiency

this ____ day of _______________, 2018

____
Name:
Local Attorney for Borrower

Approved for form and legal sufficiency

this ____ day of _______________, 2018

____
Name:
Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: City of Hagerstown
Address: 1 East Franklin Street
Hagerstown, MD 21740-4859
Attention: The Honorable Robert E. Bruchey, II, Mayor

Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

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 October 31, 2028, 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.

4. The last sentence of Section 3.04(a) "Amounts Payable" is deleted in its entirety.

EXHIBIT A
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CONT.):

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.

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

10. The Borrower agrees to comply with EPA's Final Financial Assistance Conflict of Interest Policy and report any instances of actual or potential conflicts of interest in the award, administration, or monitoring of subawards arising from procurements or other actions. Any conflicts of interest must be immediately disclosed to the Administration within 30 days of discovery for further guidance. The EPA's Final Financial Assistance Conflict of Interest Policy is found at: https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy

11. 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 uniform administrative requirements, cost principles, and audit requirements for federal awards, 2 C.F.R. § 200.501 (see generally, Subpart F – Audit Requirements of 2 C.F.R. Part 200). The Borrower hereby agrees to obtain such single audit, if required by the Single Audit Act.

EXHIBIT B
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

DESCRIPTION OF THE LOAN

(1) Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

(2) Maximum Principal Amount of Loan Commitment: $ 255,320.00

(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: February 7, 2019

(6) Default Rate: 3.56% *(Based upon the September 2018 average of the Bond Buyer 11-Bond Index)*

(7) Description of Project: This phase of the multi-phased improvements to the R.C. Willson WTP includes planning, design and construction of the replacement of existing traveling water screen including, new control panels, Programmable Logic Controller (PLC), integration with existing ultrasonic level instrumentation and plant Distributed Control System (DCS), heat tracing on existing spray wash lines, new gate valves, and structural repairs to the existing traveling screen building, new motor control center supplying power to the screens and building, and other necessary equipment.

(8) Address for Borrower's Office(s) Where Books and Records Are Kept, if different from address printed above:

EXHIBIT C
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street
	Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

Description	Allocated Amount of Loan*
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/ inspection fees and contingencies	
Subtotal Loan:	$ 255,320.00

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

Description	Allocated Amount of Loan
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/ inspection fees and contingencies	
Total Reimbursement at Closing:	$ -0-
Total Loan:	$ 255,320.00

EXHIBIT C
to Loan Agreement

Borrower Name:	City of Hagerstown
Address:	1 East Franklin Street Hagerstown, MD 21740-4859
Attention:	The Honorable Robert E. Bruchey, II, Mayor
Project Name:	R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

C. Construction Cash Draw Schedule*

Federal Quarter	Cash Disbursements*
FFY 19 Q1 (Oct 18 – Dec 18)	$ 32,121.00
FFY 19 Q2 (Jan 19 – Mar 19)	$ 223,199.00
Total Disbursements:	$ 255,320.00

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

EXHIBIT D
to Loan Agreement

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Drinking Water Loan Agreement dated as of _______, 2018 (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 2018, dated _______, 2018 (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, nor the consummation of the transactions contemplated thereby, nor the acquisition and construction of the Project, nor the fulfillment of or compliance with the terms and conditions of the Loan Documents, conflicts with or results in a breach of or default under any of the terms, conditions or provisions of the charter or laws governing the Borrower (including any limit on indebtedness) or, to the best of our knowledge after reasonable investigation, any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Borrower is now a party or by which the Borrower or its properties are otherwise subject or bound, and the Borrower is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by the Loan Documents.

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

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

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name: City of Hagerstown
Address: 1 East Franklin Street
Hagerstown, MD 21740-4859
Attention: The Honorable Robert E. Bruchey, II, Mayor

Project Name: R.C. Willson WTP Traveling Screen Replacement and Water Storage Tank (Phase IV-C) - Loan 2

DESCRIPTION OF DEDICATED REVENUES*

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

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

EXHIBIT F
to Loan Agreement

$[MAX. AMT.]

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2018
Dated __________, 2018

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 Drinking Water Loan Agreement dated as of _____, 2018 (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 (the "Default Rate") 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) 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 WILL BE DUE AND PAYABLE ON DEMAND, ALONG WITH INTEREST ACCRUING AND PAYABLE AT THE DEFAULT RATE FROM THE DATE OF DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF THIS BOND PRIOR TO ____________, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THIS BOND, 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.

This bond is subject to a late charge for any payment of principal or interest that is received later than the 30th day following its date of demand in accordance with Section 3.04(b) of the Loan Agreement. Any 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 demand.

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

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

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

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

This bond is transferable only after the 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 ____, 2018.

(SEAL)

ATTEST:

[NAME OF BORROWER]

By: ____________________

____
[AUTHORIZED OFFICER]

[AUTHORIZED OFFICER]

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of a Resolution: Maryland Department of Transportation Bicycle Grant Agreement

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Resolution_-_Grant_Agreement_with_Maryland_Department_of_Transportation.pdf	Motion and Resolution - Bikeways Grant Agreement

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: **October 23, 2018**

TOPIC: **Approval of a Grant Agreement with the Maryland Department of Transportation**

Charter Amendment	____
Code Amendment	____
Ordinance	____
Resolution	X
Other	____

MOTION: I hereby move to authorize the City to enter into a Grant Agreement for a "Maryland Bikeways Grant" with the Maryland Department of Transportation. The grant is $48,000 and has a $2,000 match and will continue bicycling-related improvements in the City.

DATE OF PASSAGE: 10/23/2018

Attachment: * Resolution
* Grant Agreement

CITY OF HAGERSTOWN, MARYLAND

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A GRANT AGREEMENT BETWEEN THE CITY OF HAGERSTOWN AND THE MARYLAND DEPARTMENT OF TRANSPORTATION

RECITALS

WHEREAS, the City of Hagerstown, hereinafter referred to as "the City," desires to enter into a Grant Agreement with the Maryland Department of Transportation for Master Plan Implementation, Phase 2, a Design and Minor Retrofit Project, installation of bike lanes, 'sharrows', and bicycle racks in various locations in the City ("the Project"); and

WHEREAS, the Maryland Department of Transportation has budgeted $48,000 for the Project; and

WHEREAS, the City has committed $2,000 in Grantee Matching Funds; and

WHEREAS, attached hereto and incorporated herein is a Grant Agreement to fund up to $50,000 for the Project; and

WHEREAS, the Mayor and Council have determined that it is in the best interest of the City and citizenry to enter into this Grant Agreement, which has as among its benefits the promotion of the health and wellbeing of the citizens, the improving of the walkability of the City, and improving the aesthetics of the City.

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the City of Hagerstown, Maryland as its duly constituted legislative body as follows:

1. That the aforegoing recitals are incorporated herein as if fully set forth.

2. That the City of Hagerstown be and is hereby authorized to execute the Grant Agreement, a copy of which is attached hereto, and to execute such other and further documents as are necessary to effectuate the same.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
______________________________ Donna K. Spickler, City Clerk	By:______________________________ Robert E. Bruchey, II, Mayor

Date of Introduction:	October 23, 2018
Date of Passage:	October 23, 2018
Effective Date:	October 23, 2018

PREPARED BY:
SALVATORE & MORTON, LLC
CITY ATTORNEYS

GRANT AGREEMENT

BY AND BETWEEN

THE MARYLAND DEPARTMENT OF TRANSPORTATION

AND

CITY OF HAGERSTOWN, MARYLAND

THIS GRANT AGREEMENT executed in triplicate and entered into this______ day of ___________, 2018, by and between the Maryland Department of Transportation ("Department" or "MDOT") and the City of Hagerstown ("Grantee"), Maryland.

WITNESSETH:

WHEREAS, the Department has programmed in the FY 2018-2023 Consolidated Transportation Program-2018 State Report on Transportation a total of Twelve Million Ninety Thousand Dollars ($12,090,000) for the Maryland Bikeways Program ("Program");

WHEREAS, the Department budgeted within the Program Forty-Eight Thousand Dollars ($48,000) for Bicycle Master Plan Implementation, Phase 2, a Minor Retrofit project described as installation of bicycle lanes, 'sharrows', and bicycle racks in various locations in Hagerstown, Maryland (the "Project");

WHEREAS, pursuant to Section 2-602 of the Transportation Article of the Annotated Code of Maryland, it is in the public interest for the State of Maryland to include enhanced transportation facilities for pedestrians and bicycle riders as an essential component of the State's transportation system;

WHEREAS, the Maryland Bikeways Program was established and approved by the General Assembly to provide state transportation funding to support and expedite projects that improve bicycle transportation in the State;

WHEREAS, the Grantee has committed Two Thousand Dollars ($2,000) in Grantee matching funds;

WHEREAS, the total Project cost estimate ("Estimate") as documented in the Grant Application and accepted by MDOT is Fifty Thousand Dollars ($50,000);

WHEREAS, the Project will enhance bicyclist safety and access for both residents and visitors and connect to schools, residential neighborhoods, and the downtown area;

WHEREAS, the Project implements the Hagerstown 2016 Bicycle Master Plan and includes opportunities for public input;

WHEREAS, the Grantee will assume all maintenance and operating costs associated with the Project when it is completed;

WHEREAS, the Project is a valuable component of Maryland's transportation system;

WHEREAS, the Department has supported similar projects in various locations in the State;

WHEREAS, the Department and the Grantee agree that the Project will benefit the parties to this Agreement and will promote the safety, health, and general welfare of the citizens of the State of Maryland;

WHEREAS, Section 2-103(i) of the Transportation Article of the Annotated Code of Maryland (2015 Replacement Volume, as amended and supplemented), authorizes the Secretary of Transportation, to the extent permitted by the State budget, to make grants-in-aid to any person, including political subdivisions of the State of Maryland, for any transportation related purpose;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The above recitals are re-affirmed and incorporated herein by reference.

2. The Department hereby grants to the Grantee a sum not to exceed Forty-Eight Thousand Dollars ($48,000) ("Grant") to be used by the Grantee for the completion of the Project. The Grantee shall be responsible for all work in connection with the Project, including the following:

a. Installation of bicycle lane pavement markings and 'sharrows' at locations identified in the 2016 Bicycle Master Plan;

b. Purchase and installation of bicycle racks and bicycle-friendly storm drain grates at select locations;

c. Fabrication and installation of signage on roads identified in the 2016 Bicycle Master Plan;

d. Preparation of quarterly status reports and final reports, as requested by the Department; and

e. Monitoring and supervising the compliance with all provisions in this Agreement.

3. Notwithstanding anything to the contrary herein, if there are any cost savings or if the total cost of the Project is less than the Estimate, the Grantee's matching fund contribution

may be reduced, provided that the Grantee's share of the costs may not be reduced below 4% of total project cost.

4. The Project shall be consistent with relevant design standards and guidelines, including 2012 American Association of State Highway and Transportation Officials (AASHTO) Bicycle Design Guidelines, the Association of Pedestrian and Bicycle Professionals Bicycle Parking Guidelines, the Maryland Manual of Uniform Traffic Control Devices, and the Access Board Advance Notice of Proposed Rulemaking (ANPRM) on Accessibility Guideline for Shared Use Paths.

5. The Grantee shall engage a professional engineer, registered in the State of Maryland, for design services on the Project. The Grantee shall provide to the Department draft design plans for review and comment and final design plans for the Project record. Notwithstanding anything to the contrary herein, the Grantee shall have final rights of approval.

6. Prior to commencement of work on the Project, the Grantee shall require all contractors and subcontractors, , to secure and keep in force during the term of this Agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in Maryland, the following insurance coverages:

a. commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of $250,000 per person and $1,000,000 per occurrence;

b. automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of $250,000 per person and $1,000,000 per occurrence;

c. workers compensation coverage meeting all statutory requirements.

This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. The Grantee shall evidence limits of insurability for general liability coverage in an amount of $800,000 aggregate and $400,000 each occurrence. The Grantee shall have the right to self-insure. These are the maximum limits of liability for which the Grantee's Self-Insurance Program is responsible, as determined by Section 5-301 *et seq.* of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, also known as the "Local Government Tort Claims Act."

The Department and its agencies, officers, and employees shall be endorsed on the commercial general liability policies, including any excess policies (to the extent applicable), as an additional insured. Coverage will be primary and noncontributory with any other insurance and self-insurance. There will be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without thirty (30) days written notice to the Department. Certificates of insurance shall be provided to the Department upon request. All endorsements shall be provided as soon as practicable. Failure to provide insurance as required in this Agreement is a material breach of contract entitling the Department to terminate this Agreement.

7. The Grant represents the maximum financial liability of the Department under this Agreement subject to, limited by and contingent upon the appropriation and availability of funds, as well as the types of liabilities, damage caps, and notice requirements stated in the Maryland Torts Claims Act ("MTCA") currently found at the State Government Article, Section 12-101 *et seq* of the Maryland Annotated Code.

8. The parties agree that the Grantee will utilize the Grant for the Project in conjunction with other funds it has obtained from funding sources other than the Maryland Bikeways Program to complete the Project.

9. The Grantee shall maintain facilities and equipment funded through this Grant for the duration of their useful life, and in any event not less than five years. At the request of the Department, the Grantee shall refund expenditures paid by the Department if Project facilities and equipment are not so maintained.

10. The Grantee may use funds only for costs incurred in connection with the Project. Payment of the Grant by the Department shall be made on a reimbursable basis upon the Grantee's submission of invoices for such payment, subject to the following conditions.

All invoices for payment shall include:

(a) actual expenditures incurred by the Grantee in connection with the Project;

(b) a certification by the Grantee that all costs charged to the Project are in connection therewith and supported by properly executed records, vouchers, invoices or contracts evidencing the nature and propriety of the charges.

Invoices/requests for reimbursement will be submitted not more frequently than once per month (30 days). MDOT will review the invoices/requests for reimbursements to determine (a) that the indicated costs are allowable hereunder and (b) that the invoiced work contributes directly to the accomplishment of the Project. Failure to meet these conditions may result in disallowed costs that will be deducted from the authorized appropriated amount. Payment shall be made by the Department to the Grantee within thirty (30) days of the Department's receipt and approval of the invoice and accompanying certifications. The final invoice may not be paid until the Final Report is submitted. No Project costs incurred prior to the execution of this Agreement will be reimbursed.

11. The Grantee shall comply with all applicable Federal, State and local laws in expending Grant funds and in carrying out the Project, including compliance with the Americans with Disabilities Act of 1990, particularly as it relates to public meetings held in connection with the Project.

12. The term of this Agreement shall commence upon the date first set forth above and shall terminate when all payments of the Grant have been made or on **October 30, 2020**, whichever is sooner. All work on the Project that is reimbursable under this Grant must be completed and all invoices/requests for reimbursement must be submitted by the Grantee before the grant termination date. Any invoices/requests for reimbursement submitted after the grant termination date will be identified as a disallowed cost and not processed for payment by MDOT. At its discretion, the Department may elect to extend the term of the Grant by up to six months upon written notice by MDOT.

13. The Department reserves the right to suspend or terminate all or part of the financial assistance herein provided and to terminate this Agreement, in whole or in part, if:

(a) the Grantee breaches or fails to fulfill any of the terms of this Agreement; or

(b) funds are not appropriated by the General Assembly of Maryland to fund this Grant.

The Grantee acknowledges and agrees that funding under this Agreement is expressly dependent upon the availability to the Department of funds appropriated by the General Assembly and that, except as otherwise provided for herein, the Department shall not be liable for any breach of this Agreement due to the absence of an appropriation. Termination of this Agreement will not invalidate obligations properly incurred by the Grantee prior to the date of termination if such obligations are unable to be canceled. The acceptance of a remittance from the Department of any or all funds, or the closing out of the Department's financial participation under this Agreement, shall not constitute a waiver of any claim that the Department may otherwise have against the Grantee arising out of this Agreement. If, upon termination of this Agreement, it is determined by the Department that funds are due to the Department, the Grantee shall promptly remit such amount to the Department within forty-five (45) days following written notification to the Grantee from the Department. The Grantee's agreement to remit any excess Grant funds to the Department shall survive the termination of this Agreement.

In addition to the Department's remedies under this Section, the Department may proceed to protect and enforce all rights available to it, by suit in equity, action in law or by any other appropriate proceedings, any or all of which may be exercised contemporaneously with each other and all of which rights and remedies shall survive the termination of this Agreement.

14. The Grantee shall maintain separate and complete accounting records that are consistent with generally accepted accounting procedures and accurately reflect all income and expenditures of Grant funds for the Project. Grantee accounting records shall be maintained for a period of three (3) years after the termination of this Agreement. The records of the Grantee must be in sufficient detail to determine the nature of the costs incurred and/or expenditures made by the Grantee for the Project.

15. The Department reserves the right to perform interim and final audits of the Grant provided for under this Agreement. Any final audit shall commence within three (3) years of the expiration or earlier termination of this Agreement. In connection with any audit undertaken

hereunder, the Grantee shall provide access to all records with respect to the Project. Following the completion of any audit undertaken hereunder, the Grantee shall refund to the Department within forty-five (45) days following notification by the Department any Grant payments that are found to be unsupported by acceptable accounting records or not expended in accordance with the terms of this Agreement. The Grantee's covenant to repay any excess Grant payments shall survive the expiration or earlier termination of this Agreement.

16. This Agreement may be modified only by written instrument, executed by the Department and the Grantee, except for the Grant extension pursuant to paragraph 12.

17. The Grantee shall, to the extent permitted by law, defend, indemnify, and hold harmless the Department, its officers, agents, and employees, from any and all claims, demands, suits, causes of action, liability, damages, losses, costs and expenses (including reasonable attorneys' fees) of whatsoever nature, including, without limitation, those arising on account of any injury or death of persons or damage to property, caused by, arising out of, or resulting from any and all services and activities performed by the Grantee or its employees, agents, subcontractors, or consultants relating to the Project and this Agreement.

18. It is understood and agreed that the sole obligation of the Department is the payment to the Grantee the sum of money specified in Section 2 of this Agreement.

19. All payments hereunder by the Department to the Grantee are subject to the budgetary and appropriation requirements of Section 3-216(d)(2) of the Transportation Article of the Annotated Code of Maryland, (2015 Replacement Volume, as amended and supplemented).

20. No right, benefit or advantage inuring to the Grantee under this Agreement may be assigned and no burden imposed on the Grantee hereunder may be delegated or assigned without the prior written approval of the Department.

21. The parties hereby agree that this Agreement shall be construed in accordance with the law of the State of Maryland.

22. As an inducement to the Department to make the Grant, the Grantee hereby certifies to the Department that:

(a) any resolution, ordinance or other action which may be required by local law has been introduced and adopted, passed, enacted or taken as an official act of the Grantee's governing body, authorizing the execution and delivery of this Agreement by the Grantee in such manner and form as to comply with all applicable laws to make this Agreement the valid and legally binding act and agreement of the Grantee;

(b) no officer or employee of the Grantee, or its designees or agents, no consultants, no member of the Grantee's governing body, and no other public official of the Grantee, who exercises any functions or responsibilities over the Project or the Grant shall have or obtain a personal or financial interest or benefit from any activity in connection with the Project or Grant or have an interest in any contract, subcontract or agreement with respect therewith;

(c) the Grantee is not in arrears with respect to the payment of any moneys due and owing the State of Maryland, or any department or unit thereof, including, but not limited to, the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Agreement.

23. The Department and the Grantee certify that they prohibit, and covenant that they will continue to prohibit, discrimination on the basis of:

(a) age, ancestry, color, creed, marital status, national origin, race or religious or political affiliation, belief or opinion, or sexual orientation;

(b) sex or age, except when age or sex constitutes a bona fide occupational qualification; or

(c) the physical or mental disability of a qualified individual with a disability.

Upon the request of the other party, the Department and the Grantee will submit to the other party information relating to its operating policies and procedures with regard to age, ancestry, color, creed, marital status, mental or physical disability, national origin, race, religious or political affiliation, belief or opinion or sex or sexual orientation.

24. The Department and the Grantee shall comply with the State's policy concerning drug and alcohol free workplaces, as set forth in Executive Order 01.01.1989.18 and COMAR 21.11.08, and must remain in compliance throughout the term of this Agreement.

25. It is specifically agreed between the Department and the Grantee that it is not intended by any of the provisions of this Agreement to create in any public entity, or any member thereof, or in any private entity third party beneficiary status in connection with the performance of the obligations herein.

26. If any provisions of this Agreement is held to be illegal, invalid or unenforceable by a court of competent jurisdiction:

(a) such provision shall be fully severable;

(b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and

(c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

27. This Agreement may be executed in a number of identical counterparts, each of which shall constitute an original and all of which shall constitute, collectively, one agreement.

28. This Agreement shall inure to and be binding upon the parties hereto, their agents, successors and, to the extent an assignment has been approved pursuant to Section 20 of this Agreement, their assigns.

29. Each notice, invoice, demand, request, consent, approval, disapproval, designation or other communications between the parties, to the extent required to be in writing shall be made by United States Postal Mail to the following:

In the case of MDOT:

Ms. Virginia Burke
Maryland Bikeways Program
Office of Planning and Capital Programming
7201 Corporate Center Drive
Hanover, MD 21076

In the case of the Grantee:

Mr. Rodney Tissue
City Engineer
City of Hagerstown

1 East Franklin Street
Hagerstown, MD 21740

The next page is the signature page.

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

MARYLAND DEPARTMENT OF TRANSPORTATION

WITNESS:

____________________________ By:____________________________

R. Earl Lewis, Jr. Date
Deputy Secretary

FUNDS AVAILABLE:

____

Jaclyn Hartman, Chief Financial Officer
Office of Finance

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

____

Brenden Lee Hodge, Assistant Attorney General
Maryland Department of Transportation

CITY OF HAGERSTOWN, MARYLAND

WITNESS

____________________________ By: ____________________________

Robert E. Bruchey II Date
Mayor

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Amendments to Incentive Programs

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:
I hereby move for the Mayor and City Council to approve the following changes to the guideline documents for the following incentive programs:
Partners in Economic Progress (PEP) Program
· Modification of the Partners in Economic Progress (PEP) Program area to be the City Center-Mixed Use (CC-MU) Zoning District
· Add the attached list of business categories as eligible for the Rent Assistance Incentive except as prohibited by state and federal guidelines associated with grant funding

Retail and Restaurant Incentive Program
· Increase the amount of the grant an applicant can apply for to $8,000
· Allow exceptions where the awarded grant amount can exceed $8,000 on a case by case basis

Action Dates:

ATTACHMENTS:

File Name	Description
Updated_Incentives.pdf	Updated Motion: Incentive Program Amendments

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Amendments to Incentive Programs**

Charter Amendment	___
Code Amendment	___
Ordinance	___
Resolution	___
Other	X

MOTION: I hereby move for the Mayor and City Council to approve the following changes to the guideline documents for the following incentive programs:

Partners in Economic Progress (PEP) Program

- Modification of the Partners in Economic Progress (PEP) Program area to be the City Center-Mixed Use (CC-MU) Zoning District
- Add the attached list of business categories as eligible for the Rent Assistance Incentive except as prohibited by state and federal guidelines associated with grant funding

Retail and Restaurant Incentive Program

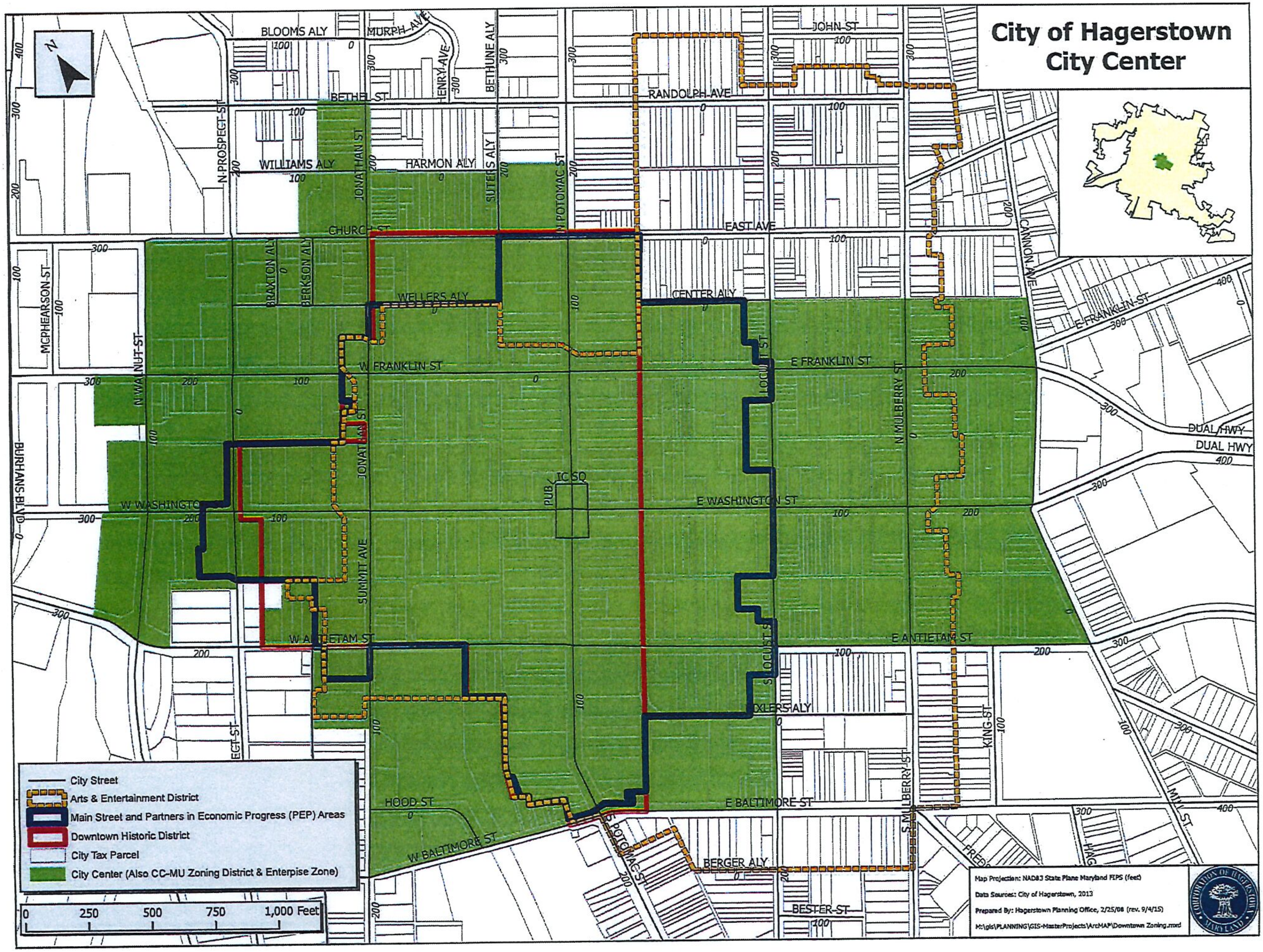
- Increase the amount of the grant an applicant can apply for to $8,000
- Allow exceptions where the awarded grant amount can exceed $8,000 on a case by case basis

DATE OF PASSAGE: 10/23/2018

PEP Rent Relief Business Categories	
Banks, savings institutions & credit unions (521-522), except pawn shops (522298).	P
Business Service Centers (56143) and Quick Printing Services (323114).	P
Veterinary services (54194), completely enclosed.	SE
Amusement and recreation establishments (713120, 71395 and 713990).	P
Banquet and reception facilities (722320).	P
Convention and Conference Centers.	P
Drinking places (722410) and brewpubs within the Smart Growth A&E District.	P
Drinking places (722410) and brewpubs outside the Smart Growth A&E District.	SE
Entertainment club.	SE
Promoters of performing arts, sports and similar events with or without facilities (7113).	P
Restaurants (7221 and 7222), no limit on size.	P
Theater, performing arts (711310).	P
Convenience store without fuel pumps (445120).	P
Dry cleaning and laundry services (8123).	P
Personal and household goods repair and maintenance (8114).	P
Retail and wholesale trade (44-45) excluding auto and other motor vehicle dealers unless all vehicle storage is indoors and excluding adult businesses – up to 5,000 square feet in net floor area per business. This provision shall also include retail bakeries (311811) and retail confectioneries (311320). Regulation of specific trade uses that are found elsewhere in this chart shall prevail. *(Ed. Note: See Page 4-138 regarding gasoline sales)* – **up to 75,000 square feet in net floor area per business.**	P
Research and development facilities.	SE
Night clubs.	P
Theater, movie (512131).	P
Internet publishing and broadcasting (516).	P
Newspaper publishers (511110).	P
Tanning and depilatory salons (812199).	P
Hair, nail and skin care stores, ear piercing services, hair replacement services, permanent makeup salons (81211) and dog grooming establishments.	P
Tattoo parlors and massage parlors, steam baths and saunas (812199).	P
Community centers, including but not limited to cultural, civic and educational centers.	P
Museums (712), except zoological parks.	P
Catering kitchens, for preparation of food for off-site delivery and associated office and storage use (722320).	P
Indoor plant cultivation and processing facilities, when interior space is 25,000 square feet or less in gross floor area.	P
Indoor plant cultivation and processing facilities, when interior space is over 25,000 square feet in gross floor area.	SE
P = Permitted-Principal Use	

P* = Permitted-Principal use in accordance with parking requirements	
P@ = Permitted-Principal use in the N-MU and CC-MU districts, subject to certain enumerated requireents in Subsection E.7.	
SE = Special Exception Use.	

City of Hagerstown City Center



REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Funding for Community Coalition Lobbyist

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
motion.community_lobbyist_Oct__18.pdf	Motion: Community Coalition Lobbyist

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Date: October 23, 2018

TOPIC: **Approval of Funding for a Community Coalition Lobbyist**

Charter Amendment	____
Code Amendment	____
Ordinance	____
Resolution	____
Other	X

MOTION: I hereby move for Mayor and Council authorization of the expenditure of $5,000.00 from the General Fund in order to contribute toward hiring John Favazza with the firm of Manis, Canning & Associates, as the Community Coalition Lobbyist. Other committed partners include the Washington County Commissioners, Hagerstown Community College, Washington County Library System, Town of Williamsport, Visit Hagerstown, Washington County Chamber of Commerce, CHIEF (Washington County Industrial Foundation), and Greater Hagerstown Committee.

DATE OF PASSAGE: October 23, 2018

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Funding for Municipal Stadium Improvements for the 2019 Season

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Motion_Municipal_Stadium.pdf	Motion: Municipal Stadium Improvements

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: Approval of Funding for Municipal Stadium Improvements for the 2019 Season

Charter Amendment	____
Code Amendment	____
Ordinance	____
Resolution	____
Other	X

MOTION: Consistent with the terms of the lease and amendments, I hereby move for the approval of $35,000 for improvements at Municipal Stadium as follows:

- Replace vertical net behind home plate
- Replace carpet in Clubhouse
- Replace field fence
- Upgrade electric in laundry room to 220V for new industrial clothes dryers
- Replace HVAC in Team Store
- Replace roof as determined by staff up to $6,000
- Replace bowed boards in picnic table as determined by staff

I authorize staff to complete the work prior to the start of the 2019 Hagerstown Suns Baseball season. Funding for the project is from rent paid by the Suns.

I further move to approve an emergency purchase of $15,247.55 to ServPro to clean and repair water damage after the August 21st flood event. Funding will be taken from the Stadium operating budget.

DATE OF PASSAGE: 10/23/2018

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 54 S. Potomac Street

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:
I hereby move for the Mayor and City Council to approve the attached Invest Hagerstown: City Center Redevelopment Grant application for the renovation project at 54 South Potomac Street. The total project cost is $2,107,125. The Invest Hagerstown: Redevelopment Grant amount is $250,000. Specifically, this grant application and related development plan meets the City's Vision for the Redevelopment of the City Center and is in compliance with the program guidelines.

Staff are authorized to issue a Letter of Commitment in the amount of $250,000. No funds will be dispersed until staff has verified that all work in the development plan is completed to the City's satisfaction and that a full account detailing the total project cost expenditure requirements have been met. Funding for this grant will come from the Invest Hagerstown line item in the Fiscal Year 2019 General Fund with a project completion deadline of December 31, 2019.

Action Dates:

DATE OF PASSAGE: 10/23/2018

ATTACHMENTS:

File Name	Description
InvestHagerstownMasonicTempleMotionPacket.pdf	Approval: Invest Hagerstown 54 S Potomac (Masonic)

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 54 S. Potomac Street**

Charter Amendment	___
Code Amendment	___
Ordinance	___
Resolution	___
Other	X

MOTION: I hereby move for the Mayor and City Council to approve the attached Invest Hagerstown: City Center Redevelopment Grant application for the renovation project at 54 South Potomac Street. The total project cost is $2,107,125. The Invest Hagerstown: Redevelopment Grant amount is $250,000. Specifically, this grant application and related development plan meets the City's Vision for the Redevelopment of the City Center and is in compliance with the program guidelines.

Staff are authorized to issue a Letter of Commitment in the amount of $250,000. No funds will be dispersed until staff has verified that all work in the development plan is completed to the City's satisfaction and that a full account detailing the total project cost expenditure requirements have been met. Funding for this grant will come from the Invest Hagerstown line item in the Fiscal Year 2019 General Fund with a project completion deadline of December 31, 2019.

DATE OF PASSAGE: 10/23/2018

Community & Economic Development
Advancing the Economy, Image and Quality of Life

INVEST HAGERSTOWN

CITY CENTER & CITY-WIDE Redevelopment Grant Program Application

Property Information

Property Address: 54 South Potomac St., Hagerstown, MD Zip: 21740

Check One: ☒ **City Center Grant** ☐ **City Wide Grant**

Check One: ☐ **Commercial Building** ☐ **Mixed-Use Building**

Applicant Information

Property Owner

Company (legal ownership of property): Bowman 2000 LLC

Contact and Title: Robin L. Ferree, President - Bowman Development

Phone Number: 301-582-1555

Email Address: rferree@dmbowman.com

Address of Business: 10228 Governor Lane Blvd Suite 3002, ~~Hagerstown,~~ Williamsport MD Zip: 21795

Business Phone Number: 301-582-1555 Business Website: www.bowmandevelopment.com

Project Information

Time frame for project completion (excluding tenant fit-out): Approx. 1-Year

Expected Start Date: 9/24/18

Expected Completion Date: 10/1/19

Note: Any schedule beyond two years shall require Mayor and City Council approval.

Do tenant spaces have Use and Occupancy Permits yet? ☐ Yes ☒ No

Are new residential units proposed? ☐ Yes ☒ No

If yes, provide number of units and square footage calculations for each unit:

How many new jobs will be created within 2 years of the project completion? 10-20 new jobs

Finding Class A office tenants who want to locate downtown is difficult + time consuming.

How many jobs will be retained as a result of this project? 0 Jobs EXPECT 40-75 NEW EMPLOYEES DOWNTOWN WHEN FULL OCCUPIED BASED ON 42491sf OF LEASABLE SPACE.

How long has the property been 100% vacant? Since 7/17 (month/year)

If partially vacant, ______% Vacant Since ________ (month/year)

Describe the investment impact and the aesthetic impact on the immediate commercial area/neighborhood: THIS IS A CONTINUATION OF DON BOWMAN'S VISION OF CREATING + MAINTAINING CLASS A OFFICE + RETAIL IN THE A+E BLOCK. THE BUILDING WILL BE ACCESSED FROM THE BEAUTIFUL POTOMAC WALK - THE MAJOR WILL BE ABLE TO LEVERAGE THE POTOMAC WALK + THE A+E PARKING DECK. BOWMAN WILL KEEP THE MAJESTIC FRONT EXTERIOR + THE ELEGANT WOODWORK, STAIRCASE, HIGH CEILINGS OF THE INTERIOR. BUT PROVIDE MODERN, EFFICIENT MECHANICAL SYSTEMS AND SAFE FIRE PROTECTION.

A financing plan is a required attachment. Describe the financial feasibility of the proposed funding sources, and describe the development experience of the applicant:

ATTACHED.

Provide any additional description of how the proposed project supports the following program goals:

- Inspire and enable significant redevelopment, both city-wide and in the urban core, reusing and repurposing existing vacant and under-utilized properties. - IT DOES
- Create the opportunity for new jobs throughout the City of Hagerstown and Washington County. YES, ESTIMATE 40-75 NEW JOBS
- Increase the value of Hagerstown's commercial and mixed use properties. - IT WILL

Required Attachments:

- ☑ Description of proposed renovation and construction work.
- ☑ Design plans and occupancy plan. FULL DRAWING PACKAGE AVAILABLE
- ☑ Project budget/construction cost estimates.
- ☑ Construction timeline.
- ☑ Financing plan showing proposed funding sources and indicating any other grants or incentives for the project.

Grant Request Amount: $250,000.00

Total Project Cost: $2,107,125.90

Applicants must comply with all conditions indicated on their application form and in the published Program Guidelines and subsequent information provided in support of this application and eligibility criteria of the program, particularly including receipt of buildings permits for proposed work and *implementation of approved development plan and schedule. Any changes to the approved development plan and schedule must be resubmitted for review and approval of the Invest Hagerstown Committee to determine continued eligibility of the project. If a project is disqualified, any financial incentives received to date will be required to be repaid to the City. There may be additional project information requested from the developer at any time during the process.*

If approved, the developer shall be responsible to report the following to the City of Hagerstown Department of Community and Economic Development – dced@hagerstownmd.org :

1. Progress reports every month on status of project milestones and any anticipated changes to the project plans;
2. Reporting to the City, at completion of construction, the square footage per use type of the renovated space (e.g., office, retail, restaurant);

Applicant Signature:
By signing below, I certify that the information above is true and correct, I agree to comply with the program requirements and eligibility as described in the Invest Hagerstown Grant Guidelines, and I understand that if my application is approved, failure to comply will result in termination of the Letter of Commitment.

8/23/18

Applicant's Signature DONALD M. BOWMAN *Date*

Return to:

City of Hagerstown
Department of Community & Economic Development
14 N. Potomac, Suite 200A, Hagerstown, MD 21740
Phone: 301-739-8577 ext 111 Email: **dced@hagerstownmd.org**

[vs. 08.21.2018]

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 21 W. Franklin Street

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:
I hereby move for the Mayor and City Council to approve the attached Invest Hagerstown: City Center Redevelopment Grant application for the renovation project at 21 W. Franklin Street. The total project cost is $632,060. The Invest Hagerstown: Redevelopment Grant amount is $100,000. Specifically, this grant application and related development plan meets the City's Vision for the Redevelopment of the City Center and is in compliance with the program guidelines.

Staff are authorized to issue a Letter of Commitment in the amount of $100,000. No funds will be dispersed until staff has verified that all work in the development plan is completed to the City's satisfaction and that a full account detailing the total project cost expenditure requirements have been met. Funding for this grant will come from the Invest Hagerstown line item in the Fiscal Year 2019 General Fund with a project completion deadline of December 31, 2019.

Action Dates:
Date of Passage: 10/23/2018

ATTACHMENTS:

File Name	Description
10102018_InvestHagerstownBowenMotionPacket.pdf	Approval: Invest Hagerstown - 21 W Franklin St

REQUIRED MOTION

MAYOR & CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Approval of Invest Hagerstown: City Center Redevelopment Grant Application for 21 W. Franklin Street**

Charter Amendment	____
Code Amendment	____
Ordinance	____
Resolution	____
Other	X

MOTION: I hereby move for the Mayor and City Council to approve the attached Invest Hagerstown: City Center Redevelopment Grant application for the renovation project at 21 W. Franklin Street. The total project cost is $632,060. The Invest Hagerstown: Redevelopment Grant amount is $100,000. Specifically, this grant application and related development plan meets the City's Vision for the Redevelopment of the City Center and is in compliance with the program guidelines.

Staff are authorized to issue a Letter of Commitment in the amount of $100,000. No funds will be dispersed until staff has verified that all work in the development plan is completed to the City's satisfaction and that a full account detailing the total project cost expenditure requirements have been met. Funding for this grant will come from the Invest Hagerstown line item in the Fiscal Year 2019 General Fund with a project completion deadline of December 31, 2019.

DATE OF PASSAGE: 10/23/2018

Community & Economic Development
Advancing the Economy, Image and Quality of Life

INVEST HAGERSTOWN

CITY CENTER & CITY-WIDE Redevelopment Grant Program Application

Property Information

Property Address: 21 W. Franklin St., Hagerstown, MD Zip: 21740

Check One: ☒ **City Center Grant** ☐ **City Wide Grant**

Check One: ☒ **Commercial Building** ☐ **Mixed-Use Building**

Applicant Information

Property Owner

Company (legal ownership of property): Bowen Investing, LLC

Contact and Title: Scott Bowen, Partner

Phone Number: 301.791.7935

Email Address: sbowen@msbarchitects.com

Address of Business: 19725 Spring Creek Rd., Hagerstown, MD Zip: 21742

Business Phone Number: 301.791.7935 Business Website: ____________

Project Information

Time frame for project completion (excluding tenant fit-out): 6 months

Expected Start Date: October 2018

Expected Completion Date: April 2019

Note: Any schedule beyond two years shall require Mayor and City Council approval.

Do tenant spaces have Use and Occupancy Permits yet? ☐ **Yes** ☒ **No**

Are new residential units proposed? ☐ **Yes** ☒ **No**

If yes, provide number of units and square footage calculations for each unit:

____

____

How many new jobs will be created within 2 years of the project completion? 2 new jobs

How many jobs will be retained as a result of this project? __6__ jobs

How long has the property been 100% vacant? Since June 2017 (month/year)

If partially vacant, ______% Vacant Since ________ (month/year)

Describe the investment impact and the aesthetic impact on the immediate commercial area/neighborhood:

The Pioneer Hook and Ladder is a lovely, historic brick building within the City Center, but it is need of maintenance, as outlined by the City. Performing the necessary repairs, including a new roof, chimney repair, soffit replacement, mortar repair and electrical upgrades will have a minor aesthetic impact. Additional renovation plans include replacing the existing fire engine bay doors with storefront glass and exterior painting and possible window replacement would further enhance the exterior aesthetic. Additional interior renovations will be completed to convert the existing interior to something more compatible with the branding and needs of MSB Architects, which will relocate to the space once construction is complete, bringing 6 professional jobs into the City Center.

A financing plan is a required attachment. Describe the financial feasibility of the proposed funding sources, and describe the development experience of the applicant:

Please see details in attached financing plan. Funding includes a construction loan from Patriot Federal Credit Union, private funding, and the Invest Hagerstown Grant.

While I have not developed any real estate on my own, I have assisted many developers during my career. As an architect, I have an in depth understanding of what it takes to take an older building and bring out its unique charm and characteristics, while bringing it up to date with modern code expectations and conveniences. Having worked with different developers from DM Bowman, Blackwell2, and Hager 5, I have helped bring a variety of projects to completion that enhance Hagerstown. Additionally, I have volunteered on the Economic Development Committee for Main Street Hagerstown and believe this project is keeping with forward momentum for the City's vision with Urban Partners.

Provide any additional description of how the proposed project supports the following program goals:

- Inspire and enable significant redevelopment, both city-wide and in the urban core, reusing and repurposing existing vacant and under-utilized properties.
- Create the opportunity for new jobs throughout the City of Hagerstown and Washington County.
- Increase the value of Hagerstown's commercial and mixed use properties.

Required Attachments:

- ❑ Description of proposed renovation and construction work.
- ❑ Design plans and occupancy plan.
- ❑ Project budget/construction cost estimates.
- ❑ Construction timeline.
- ❑ Financing plan showing proposed funding sources and indicating any other grants or incentives for the project.

Grant Request Amount: $__250,000______

Total Project Cost: $__775,000______

Applicants must comply with all conditions indicated on their application form and in the published Program Guidelines and subsequent information provided in support of this application and eligibility criteria of the program, particularly including receipt of buildings permits for proposed work and *implementation of approved development plan and schedule. Any changes to the approved development plan and schedule must be resubmitted for review and approval of the Invest Hagerstown Committee to determine continued eligibility of the project. If a project is disqualified, any financial incentives received to date will be required to be repaid to the City. There may be additional project information requested from the developer at any time during the process.*

If approved, the developer shall be responsible to report the following to the City of Hagerstown Department of Community and Economic Development – dced@hagerstownmd.org :

1. Progress reports every month on status of project milestones and any anticipated changes to the project plans;
2. Reporting to the City, at completion of construction, the square footage per use type of the renovated space (e.g., office, retail, restaurant);

Applicant Signature:
By signing below, I certify that the information above is true and correct, I agree to comply with the program requirements and eligibility as described in the Invest Hagerstown Grant Guidelines, and I understand that if my application is approved, failure to comply will result in termination of the Letter of Commitment.

____ 9.28.18

Applicant's Signature *Date*

Return to:
City of Hagerstown
Department of Community & Economic Development
14 N. Potomac, Suite 200A, Hagerstown, MD 21740
Phone: 301-739-8577 ext 111 Email: **dced@hagerstownmd.org**

[vs. 08.21.2018]

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of Utilization of Wastewater Division Funds to fund Synagro Wastewater Treatment Plant Sludge Thickening Project and Dryer Rebuild Project

Mayor and City Council Action Required:
Requested approval of the Wastewater Division WWTP Sludge Thickening and Dryer Rebuild continuing funding in the amount of $3,250,000.00.

Discussion:
As background information, in November of 1998, the City of Hagerstown entered into an agreement with Enviro-Gro Technologies (currently Synagro) to build a pelletizing facility designed to process and dispose of the sludge that is produced at the Hagerstown WWTP. The process involves pumping the sludge through a belt press to thicken the sludge, heat drying the sludge and disposal of the dried product. The initial term of the contract was ten years, with an option to allow Synagro to extend the operating term for an additional five years, which was executed, during April of 2001. In August, 2006, the contract was extended another 5 years with a provision containing one year renewals.

The Mayor and Council approved a ten year contract extension “Third Extension Agreement” with Synagro on September 24, 2013. The agreement further extends a relationship in excess of twenty years whereas Synagro converts the solid waste component of our wastewater treatment process into pellets which are then land applied as a soil amendment or disposed of by other means, depending upon market conditions. The Wastewater Division owns the building, equipment and the associated hardware with Synagro supplying the technology, labor, and disposal services for an operation that produces approximately 15 dry tons per day during a 4.5 day week. The Mayor and Council were recently updated on the projected cost increase for this project from $5.1 to $10.5 million dollars. The additional cost will be incorporated into the current five year rate plan for the Wastewater Division.

Construction for Phase 1B of the project is currently under way and includes replacement of the 35 year old Dissolved Air Flotation (DAF) system for thickening liquid sludge prior to sending it to our pelletizing facility which is operated by Synagro. The design for Phase 2 of the project is now complete and a contract is being negotiated with the General Contractor. In an effort to save mark-up costs from the General Contractor, Synagro has issued Purchase Orders directly to all the manufacturers of the major equipment being replaced in the Pelletizing Facility under the Phase 2 project.

Financial Impact:

Originating Department:	Wastewater Department			**By:**	Joseph W Moss					
Account Number:	54-85001-5830			**Account/Project Name:**	Solids Processing Facility					
Account Number:				**Account/Project Name:**						
Budget Amount:	FY19	$	3,000,000	**Account Balance:**	$	2,838,153	**Year**	FY19	**CIP Control No.:**	CO712
	FY19			**Account Balance:**			**Year**		**CIP Control No.:**	
Unbudgeted:				**Source Of Funds:**	Wastewater Fund / City Bond					

Quantity	**Description**	**Value**
	Phase 1B Sludge Thickening and Phase 2 Dryer Rebuild Projects	$3,000,000
	Biosolids removal during DAF Replacement (Landfill)	$250,000

Recommendation:
Staff recommended approval

Staff recommended approval

Motion:

DATE: October 23, 2018

TOPIC: **Approval of the utilization of Wastewater Division Funds to fund the Synagro Wastewater Treatment Plant Sludge Thickening Project and Dryer Rebuild Project**

Charter Amendment	□
Code Amendment	□
Ordinance	□
Resolution	□
Other	■

MOTION: I hereby move that the Mayor and City Council approve the funding of the Synagro Wastewater Treatment Plant Phase 1B Sludge Thickening and Phase 2 Dryer Rebuild Projects. Wastewater CIP 54-CO712 will be utilized to fund the amount of $3,250,000.00 (three million two hundred fifty thousand dollars) for the remainder of Fiscal Year 19.

DATE OF INTRODUCTION: 10/23/18
DATE OF PASSAGE: 10/23/18
EFFECTIVE DATE: 10/23/18

Action Dates:
October 23, 2018 Regular Session

ATTACHMENTS:

File Name	Description
synagro.pdf	Approval of Utilization of Wastewater Division Funds to fund Synagro Wastewater Treatment Plant Sludge Thickening Project and Dryer Rebuild Project

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Approval of the utilization of Wastewater Division Funds to fund the Synagro Wastewater Treatment Plant Sludge Thickening Project and Dryer Rebuild Project**

Charter Amendment	☐
Code Amendment	☐
Ordinance	☐
Resolution	☐
Other	■

MOTION: I hereby move that the Mayor and City Council approve the funding of the Synagro Wastewater Treatment Plant Phase 1B Sludge Thickening and Phase 2 Dryer Rebuild Projects. Wastewater CIP 54-CO712 will be utilized to fund the amount of $3,250,000.00 (three million two hundred fifty thousand dollars) for the remainder of Fiscal Year 19.

DATE OF INTRODUCTION: 10/23/18
DATE OF PASSAGE: 10/23/18
EFFECTIVE DATE: 10/23/18

City of Hagerstown
Mayor and City Council
Purchase - Contract Information
Meeting of: 10/23/2018

Approval For:
Consent Agenda:
New Business: X

Originating Department: Wastewater Department **By:** Joseph W Moss
Account Number: 54-85001-5830 **Account/Project Name:** Solids Processing Facility
Account Number: **Account/Project Name:**
Budget Amount: FY19 $ 3,000,000 **Account Balance:** $ 2,838,153 **Year** FY19 **CIP Control No.:** CO712
FY19 **Account Balance:** **Year** **CIP Control No.:**
Unbudgeted: **Source Of Funds:** Wastewater Fund / City Bond

Quantity	Description	Value
	Phase 1B Sludge Thickening and Phase 2 Dryer Rebuild Projects – Future Bonds	$3,000,000
	Biosolids removal during DAF Replacement (Landfill) – WWT Fund not budgeted	$250,000
		$3,250,000

Above To Be Used For:
This project will replace all equipment in the Sludge Pelletizing facility (Synagro) as well as the sludge thickening and sludge storage facilities. This will bring the amount approved to date for this project to $5 Million, the projected amount at this time for the total project is approximately $10.5 Million. (see attached total projected cost summary) The pelletizing building and the equipment is owned by the City. By contract, Synagro is tasked to complete the upgrades for this facility through the existing Third Extension Agreement. The biosolids removal costs are in addition to Third Extension Agreement language.

Recommended Vendor:
Business Name: Synagro
Address:
City, State:
Bid/Proposal/Quote No.:

Other Vendors: Sole Source, Equipment Compatibility - Specialized Work

Firm	City, State	Amount
Synagro		$10,500,000.00

Comments

Department Manager (required on all unbudgeted items):

This project will replace all equipment in the Sludge Pelletizing facility (Synagro) as well as the sludge thickening and sludge storage facilities. This will bring the amount approved to date for this project to $5 Million, the projected amount at this time for the total project is $10.5 Million. (see attached total projected cost summary) The pelletizing building and the equipment is owned by the City. By contract, Synagro is tasked to complete the upgrades for this facility through the existing Third Extension Agreement. The sludge removal costs are in addition to Third Extension Agreement language.

Joseph W McCann

Wastewater Operations Manager

October 9, 2016

Date

Finance Department:

Recommend approval.

Jason T. Miller

Signature

10/19/18

Date

Finance Manager:

Per approved contract extension, $5M over 5 years was included for this project. $2M has already been spent and approved to date. Recommend remaining $3M over next several years.

Michelle H

Signature

10/19/18

Date

City Administrator's Recommendation:

Approval

Valerie A Mun

Signature

10/19/18

Date

Total Capital Project Expenditures - As of July 2018

	Milestone Event	Notes	Cost	Spent as of 7/5/18	Required Moving Forward
Phase 1 Part 1					
September, 2013	Synagro original estimate for replace-in-kind dryer refurbisment was created and atteched to 3rd Extension Agreement	In addition to daily O&M services, Synagro would begin work toward refurbishing the aging dryer facility. Estimated equipment replacement capital needed was $1,600,000			
September, 2013	3rd Extension Agreement w/Exhibit A Executed	City Council Approval for $5,100,000 Capital Improvementa over 5 years			
June, 2014	NTP issued to JCC/GHD for Phase 1 Part 1	Phase 1 Part 1 was under a single contract with Johnston Construction for both design and construction. GHD was the engineer of record and worked under a sub contract with JCC.	$821,552	$821,552	$0
July, 2015	JCC Part 1 - Change Order #1	VFD Breaker Relocation	$1,034	$1,034	$0
September, 2015	JCC Part 1 - Change Order #2	3-Way Plug Valve and Installation	$6,222	$6,222	$0
December, 2015	Work completion - Phase 1 Part 1	Deduct for reduction in required tank repairs	-$20,340	-$20,340	$0
July, 2017	JCC Part 1 - Change Order #3	Pump and Pipe Demo - Note this item was kept as CO3 from the otherwise cancelled March 2016 NTP for JCC installation of the fermenter conversion.(see Line 10)	$6,264	$6,264	$0
	Sub Total Phase 1 Part 1			$814,732	$0
	Milestone Event	Notes	Cost Increase	Spent as of 7/5/18	Required Moving Forward
Phase 1 Part 2					
December, 2014 - June, 2015	GHD study for sludge thickening improvements	GHD Work Authorization No. 1	$35,000	$35,000	$0
August, 2015	GHD design for fermenter tank conversion to liquid sludge thickener	Additional scope under GHD Work Authorization No. 1	$24,843	$24,843	$0
March, 2016	NTP to JCC for installation of GHD's fermenter conversion plan	This $187,131 contract was cancelled prior to any invoicing in favor of DAFT rebuild plan	$0	$0	$0
January, 2017	NTP to GHD for DAFT Rebuild Project - Engineering	GHD Work Authorization No. 3	$109,851	$109,851	$0
November, 2017	NTP to GHD for additional DAFT design engineering and construction-phase services	GHD Work Authorization No. 4 - Additional Engineering Work Authorization No. 3 - Lump Sum Portion	$28,020	$28,020	$0

November, 2017	NTP to GHD for additional DAFT design engineering and construction-phase services	GHD Work Authorization No. 4 - Additional Engineering to Work Authorization No. 3 - Hourly Portion @ $93,307 NTE	$93,307	$33,103	$60,204
November, 2017	NTP for JCC for construction of DAFT project	JCC Work Authorization	$1,390,399	$0	$1,390,399
April, 2018	Evoqua - DAFT equipment order	10% Down Payment on $328,800	$328,800	$32,880	$295,920
	Synagro temporary thickening	Assumed 4 month shut-down with no winterization. 15% markup does not apply to this.	$106,589	$0	$106,589
	Sub Total Phase 1 Part 2			**$263,697**	**$1,853,112**
	Total Project			**$1,078,430**	**$1,853,112**
	Milestone Event	**Notes**	**Cost Increase**	**Spent as of 7/5/18**	**Required Moving Forward**
Phase 2					
March, 2016	GHD Work Authorization for Dryer Planning Phase Engineering	Attachment B to GHD Work Authorization No. 1	$85,000	$85,000	$0
January, 2017	NTP to GHD for Dryer Project Detailed Design	Work Authorization No. 2	$278,644	$278,644	$0
January, 2018	GHD approved for additional engineering	Additional Engineering Under GHD Work Authorization No. 2 - Lump Sum Portion	$23,075	$23,075	$0
January, 2018	GHD approved for additional engineering	Additional Engineering Under GHD Work Authorization No. 2 - Hourly Rate Portion NTE	$30,814	$0	$30,814
Q1, Q2, 2018	Development of dryer project purchase orders	See "Dryer Equipment Detail" for equipment costs	$2,374,538	$116,823	$2,257,716
May, 2018	Receipt of JCC installation proposal	JCC package including Microtech scope = $3,391,398 (not approved)	$3,391,398	$0	$3,391,398
June, 2018	GHD Request for Additional Funds	Request for additional $109,051 not approved as of 6/28/18		$0	
June, 2018	GHD approved for construction-phase engineering	Work Authorization No. 5 - Construction Phase services - Hourly NTE	$355,698	$0	$355,698
	Synagro Temporary Dewatering, Transportation, and disposal	Payment terms currently being negotiated			
	Sub Total Phase 2			**$503,542**	**$6,035,626**
	Total Project			**$1,581,971**	**$7,888,737**

Not Approved or billed hourly as needed	
Projected Project Costs	**$9,470,708**
Synagro 15% Mark-up not yet billed	**$1,167,322**
Total Project Cost	**$10,531,441**

REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Approval of City Center Holiday Parking Program

Mayor and City Council Action Required:

Discussion:
Staff is looking for the approval of modified parking hours for the two parking decks (University District Parking Deck and Arts & Entertainment District Parking Deck) during the holiday season. See attached documentation

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name	Description
Motion_Sheet_Holiday_Parking_Hours_2018_Season.pdf	Motion Sheet Holiday Parking Hours
Memo_Holiday_Parking_Hours_2018_Season.pdf	Memo for Holiday Parking Hours

REQUIRED MOTION

MAYOR AND CITY COUNCIL

HAGERSTOWN, MARYLAND

DATE: October 23, 2018

TOPIC: **Approval of City Center Holiday Parking Program**

Charter Amendment

Code Amendment

Ordinance

Resolution

✓ Other

MOTION: I hereby move for Mayor and Council to approve the City Center Holiday Parking Program that allows for free parking each weekend commencing at 5:00 PM Friday evenings and all day Saturday and Sunday in the University District Parking Deck and Arts & Entertainment District Parking Deck beginning Friday November 16, 2018 through Sunday December 30, 2018. Additionally, free parking will be extended through Monday December 31, 2018, and Tuesday January 1, 2019. Normal parking operations will resume on Wednesday January 2, 2019.

Parking at the street meters and parking lot meters will continue to be free after 5:00 PM weekdays and all day Saturday and Sunday as it is normally throughout the year.

DATE OF PASSAGE: OCTOBER 23, 2018

CITY OF HAGERSTOWN, MARYLAND
Public Works Department (301)739-8577 ext. 178
October 9, 2018

To: Valerie Means, City Administrator

From: Eric B. Deike, Public Works Director

RE: Holiday Parking Hours

MAYOR AND COUNCIL ACTION REQUESTED
Staff is looking for the approval of modified parking hours for the two parking decks (University District Parking Deck and Arts & Entertainment District Parking Deck) during the holiday season.

DISCUSSION
Modified parking hours for the holiday season is not a new program. The city has provided variations of free holiday parking through previous years. Last year, the city provided for free parking after 5:00 PM weekdays and on Saturday and Sundays in both parking decks. This typically began in November on the Monday after Thanksgiving.

The city replaced the entire parking access and revenue control systems in both parking decks this year. Unlike the previous parking program which was web based, the new equipment is now making it extremely difficult for staff to make any modifications to the programming. Therefore, the options for free parking in the parking decks are limited.

Staff is proposing that the holiday free parking would include free parking each Friday evening through the weekend. Beginning at 5:00 PM Fridays, the gates would be manually raised allowing free access to the decks. The gates would then be lowered early Monday morning.

The free parking would begin a bit earlier this year on Friday November 16th which is the tree lighting in the Square. The following week is Thanksgiving and the gates would be raised on Wednesday November 21st in recognition of this city holiday. The gates would remain up through Monday morning including Black Friday. After that, each weekend would operate as described above.

New Years Day in on a Tuesday this year. Staff is proposing the gates would remain up through Monday December 31st for the Donut Drop and on Tuesday January 1st for the city holiday. Parking operations in the parking decks would return to normal on Wednesday January 2nd.

FINANCIAL IMPACT
The financial impact will be minimal at the University District Deck (UD) as this is used infrequently on weekends. The impact will be more substantial at the Arts & Entertainment

District Parking Deck (A&E). The impact would be an estimated loss of $400 to $600 per weekend.

RECOMMENDATION
Staff recommends free holiday parking on the weekends in the parking decks as previously described. Attached is a motion sheet outlining the proposed hours.

Cc: J. Rodgers, Parking System Supervisor
M. Hepburn, Finance Director