

COUNCIL OF THE TOWN OF LA PLATA
Ordinance 11-10

Introduced By:	Mayor Roy G. Hale
Date Introduced:	May 24, 2011
Date Adopted:	May 31, 2011
Date Effective:	June 16, 2011

1 **An Ordinance concerning**

2
3 Issuance of General Obligation Bonds to
4 Maryland Water Quality Financing Administration
5 for Automated Water Meter Reading System
6

7 FOR the purpose of authorizing and empowering Town of La Plata (the "Town"), pursuant to the
8 authority of Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the
9 Annotated Code of Maryland, Sections 31 to 37, inclusive, of Article 23A of the Annotated
10 Code of Maryland, and Sections C8-20 and C8-21 of the Charter of the Town, to issue and
11 sell, upon its full faith and credit, two general obligation bonds, each in principal amount not
12 to exceed \$500,000.00, to be designated as required by the Maryland Water Quality
13 Financing Administration (the "Administration"), the bonds to be issued and sold and the
14 proceeds thereof to be used and applied for the public purpose of financing, reimbursing or
15 refinancing costs of various activities relating to the acquisition and installation of an
16 automated water meter reading system, including new water meters and related
17 improvements, together with related costs and costs of issuance, all to the extent permitted
18 by the Administration; prescribing, approving and adopting the forms and tenor of the
19 bonds, the terms and conditions for the issuance and sale of the bonds by private sale,
20 without public bidding, to the Administration, and other details incident thereto, and
21 authorizing the Chief Executive Officer of the Town (as identified herein), on behalf of the
22 Town, to determine certain details of the bonds, including fixing the final principal amounts
23 of the bonds and the amortization schedule for one of the bonds; providing that one of the
24 bonds will be subject to forgiveness as provided herein; approving, and authorizing and
25 directing the completion, execution and delivery of, two separate loan agreements with the
26 Administration pursuant to which advances will be made under the bonds; authorizing and
27 directing the payment of any fees or costs provided for in the loan agreements that are not
28 payable from bond proceeds; providing for the pledge of moneys that the Town is entitled to
29 receive from the State of Maryland, including the Town's share of income tax revenues, to
30 secure its obligations under the loan agreements; acknowledging the right of the
31 Administration to accelerate payment on each bond upon an event of default under the
32 corresponding loan agreement; authorizing certain officials to take certain actions with

33 respect to the loan agreements and designating certain officials as "Authorized Officers" for
34 purposes of the loan agreements; providing for the disbursement of advances of the bonds;
35 providing that the principal of and interest on the bonds will be payable in the first instance
36 from revenues received by the Town from the operation of the water supply system and the
37 wastewater system serving the Town, including fees for use of or connection to such
38 systems, to the extent available for such purpose; providing for the levy and collection of ad
39 valorem taxes sufficient for the prompt payment of the installments of principal of and
40 interest on the bonds; pledging the full faith and credit and unlimited taxing power of the
41 Town to the prompt payment of the principal of and interest on the bonds; providing that the
42 principal of and interest on the bonds also may be paid from any other sources of revenue
43 lawfully available to the Town for such purpose; authorizing and directing officials and
44 employees of the Town to take any and all action necessary to complete and close the sale
45 and delivery of the bonds; and otherwise generally relating to the issuance, sale, delivery
46 and payment of and for the bonds.

47
48 **RECITALS**
49

50 WHEREAS, Town of La Plata, a municipal corporation of the State of Maryland (the
51 "Town"), is authorized and empowered by Sections 31 to 37, inclusive, of Article 23A of the
52 Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"); and
53 Sections C8-20 and C8-21 of the Charter of the Town of La Plata, as replaced, supplemented or
54 amended (the "Charter"), to borrow money for any public purpose and to evidence such borrowing
55 by the issuance and sale of its general obligation bonds; and
56

57 WHEREAS, in order to accurately track water losses, minimize leakage and promote water
58 conservation, the Town has determined to undertake the acquisition and installation of an
59 automated water meter reading system, including new water meters and related improvements,
60 and, in connection therewith, to acquire or pay for, as the case may be, acquisition, construction,
61 reconstruction, repair, rehabilitation, upgrading, removal, renovation, installation, improvement
62 and equipping activities and related activities, necessary property rights and equipment, related
63 site and utility improvements, site restoration, and related planning, design, engineering,
64 construction management, inspection, contingencies, financial and legal expenses, and has
65 determined to borrow money for the public purpose of financing, reimbursing or refinancing all
66 or a portion of the costs of such project, together with costs of issuance; and

67 WHEREAS, the federal Safe Drinking Water Act, as amended (the "Safe Drinking
68 Water Act"), authorizes the U.S. Environmental Protection Agency (the "EPA") to award grants
69 to qualifying states to establish and capitalize drinking water treatment revolving loan funds
70 ("SRFs") for the purpose of providing loans and certain other forms of financial assistance to
71 finance, among other things, the construction and improvement of publicly-owned and privately-
72 owned water supply systems; and

73 WHEREAS, as contemplated by the Safe Drinking Water Act, the General Assembly of
74 Maryland has amended the Maryland Water Quality Financing Administration Act, codified at
75 Sections 9-1601 through 9-1622, inclusive, of the Environment Article of the Annotated Code of
76 Maryland (as replaced, supplemented or amended, the "MWQFA Act"), establishing an SRF

Ordinance 11-10

77 designated the Maryland Drinking Water Revolving Loan Fund (the "Fund") to be maintained
78 and administered by the Maryland Water Quality Financing Administration (the
79 "Administration"); and

80 WHEREAS, the MWQFA Act authorizes the Administration, among other things, to
81 make a loan from the Fund to a "local government" (as defined in the MWQFA Act) for the
82 purpose of financing or refinancing all or a portion of the cost of a "water supply system" project
83 (as defined in the MWQFA Act); and

84 WHEREAS, the Town is a "local government" within the meaning of the MWQFA Act,
85 the project described in these Recitals is a "water supply system" project within the meaning of
86 the MWQFA Act, and the Town has applied to the Administration for a loan or loans from the
87 Fund for project purposes; and

88 WHEREAS, the MWQFA Act authorizes a local government to issue a bond, note or
89 other evidence of obligation (a "loan obligation" as defined in the MWQFA Act) to evidence its
90 indebtedness under a loan agreement with respect to a loan from the Administration, to sell any
91 such bond, note or other evidence of obligation to the Administration at private sale, without
92 public bidding, and to establish a dedicated source of revenues for repayment of such loan; and

93 WHEREAS, pursuant to the authority of the MWQFA Act, the Enabling Act and the
94 Charter, the Town has determined to borrow money from the Administration for the public purpose
95 of financing, reimbursing or refinancing costs of the project described in these Recitals or such
96 components of such project as the Administration shall approve; and
97

98 WHEREAS, as of the date of introduction of this Ordinance, the Administration has advised
99 that it currently anticipates making the Town two separate loans for project purposes, in the
100 aggregate principal amount not to exceed \$1,000,000.00, one such loan to be evidenced by the
101 issuance of a single general obligation installment bond and the other such loan to be evidenced by
102 the issuance of a single general obligation bond the payment of which is subject to forgiveness as
103 described herein; and
104

105 WHEREAS, in connection with the issuance and sale of the general obligation bonds
106 authorized hereby, and pursuant to the MWQFA Act, the Town will enter into two separate loan
107 agreements with the Administration; and
108

109 WHEREAS, the Town has determined to pledge its full faith and credit and unlimited taxing
110 power to the prompt payment of debt service on the bonds contemplated hereby, and the Town
111 expects to pay the principal of and interest on such bonds in the first instance from revenues
112 received in connection with the operation of the water supply system and the wastewater system
113 serving the Town, including fees for use of or connection to such systems, to the extent available for
114 such purpose; and
115

116 WHEREAS, the Town, as authorized by the MWQFA Act and subject to any limitations
117 provided for in the loan agreements, has determined to pledge any moneys that the Town is entitled
118 to receive from the State of Maryland (the "State"), including the Town's share of the income tax

119 revenues collected by the State, to secure its obligations under the loan agreements with the
120 Administration contemplated hereby; and

121
122 WHEREAS, Sections C4-3A, C4-3E and C5-5A of the Charter together provide that the
123 Mayor shall be the chief executive officer of the Town except to the extent a Town Manager has
124 been appointed in accordance with Section C5-1 of the Charter, in which case the Town Manager
125 shall serve as the chief executive officer of the Town (in either such applicable case, the “Chief
126 Executive Officer”); and

127
128 WHEREAS, pursuant to the provisions of the MWQFA Act, the Enabling Act and the
129 Charter, the Council of the Town (the “Council”) desires to provide for the issuance, sale and
130 delivery of the bonds provided for in this Ordinance, the interest on which bonds shall be includable
131 in the gross income of the holder thereof for federal income tax purposes.

132
133 **SECTION 1: BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF LA**
134 **PLATA** that the Recitals to this Ordinance are deemed a substantive part of this Ordinance and
135 incorporated by reference herein. Capitalized terms used in this Ordinance and not otherwise
136 defined in the Sections of this Ordinance shall have the meanings given to such terms in the
137 Recitals.

138
139 **SECTION 2: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
140 **OF LA PLATA** that (a) pursuant to the authority of the MWQFA Act, the Enabling Act and the
141 Charter, the Town hereby determines to issue and sell, upon its full faith and credit, two series of
142 general obligation bonds, for the public purpose of financing, reimbursing or refinancing costs of
143 the acquisition and installation of an automated water meter reading system, including new water
144 meters and related improvements, together with the costs of related acquisition, construction,
145 reconstruction, repair, rehabilitation, upgrading, removal, renovation, installation, improvement
146 and equipping activities and related activities, necessary property rights and equipment, related
147 site and utility improvements, site restoration, and related planning, design, engineering,
148 construction management, inspection, contingencies, financial and legal expenses, and costs of
149 issuance, all to the extent permitted by the Administration (collectively, the “Project”). One such
150 bond shall be issued in principal amount not to exceed Five Hundred Thousand Dollars
151 (\$500,000.00) and shall be designated as the “Town of La Plata Drinking Water Bond, Series
152 2011A” or by such additional or different designation as may be required by the Administration (the
153 “Series 2011A Bond”). The other such bond shall be issued in principal amount not to exceed Five
154 Hundred Thousand Dollars (\$500,000.00) and shall be designated as the “Town of La Plata
155 Drinking Water Bond, Series 2011B” or by such additional or different designation as may be
156 required by the Administration (the “Series 2011B Bond” and, together with the Series 2011A
157 Bond, the “Bonds”, or, individually, a “Bond”). Payment of the Series 2011B Bond shall be subject
158 to forgiveness by the Administration in accordance with Section 3(j) hereof. The Chief Executive
159 Officer, on behalf of the Town, is hereby authorized and directed to determine and approve the final
160 principal amounts of the Bonds, provided that the final principal amount of each Bond shall not
161 exceed Five Hundred Thousand Dollars (\$500,000.00), such determination and approval to be
162 evidenced conclusively by the Chief Executive Officer’s execution and delivery of the Bonds
163 pursuant to Section 7 hereof. It is the expectation that the two Bonds will be delivered in equal final

164 principal amounts, subject to the limitation set forth in the preceding sentence, but in the event the
165 Administration requires that the Bonds be delivered in different final principal amounts, the Chief
166 Executive Officer is hereby authorized and empowered to approve different final principal amounts
167 for each Bond, subject to the limitation set forth in the preceding sentence.
168

169 (b) The Series 2011A Bond evidences a loan from the Administration that has
170 been given a project name of "La Plata Flexnet Fixed Base Water Meter System Loan 1" by the
171 Administration. The Series 2011B Bond evidences a loan from the Administration that has been
172 given a project name of "La Plata Flexnet Fixed Base Water Meter System Loan 2" by the
173 Administration.
174

175 **SECTION 3: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
176 **OF LA PLATA** that (a) the Bonds shall be issued and sold upon the full faith and credit of the
177 Town, shall be dated the date of their delivery, shall be numbered RA-1 and RB-1, respectively, and
178 shall be issued in the form of single, fully-registered bonds, without coupons attached. The Series
179 2011A Bond shall be issued in installment form.

180 (b) Subject to the provisions of subsections (d) and (e) below and the further
181 provisions of this subsection (b), the principal amount of the Series 2011A Bond advanced under
182 the Series 2011A Loan Agreement (as defined in Section 8(a) hereof) shall be paid in twenty (20)
183 installments on February 1 in each of the years 2013 through 2032, inclusive, in such amounts as
184 shall be determined by the Administration to achieve, as nearly as possible, roughly level debt
185 service payments on February 1 in the years 2013 through 2032, inclusive, after giving effect to
186 the interest rate provided for in subsection (c) of this Section 3. The Chief Executive Officer is
187 hereby authorized and empowered to approve the amortization schedule for the Series 2011A Bond,
188 calculated as described in this subsection (b), but subject to the further provisions of subsection (d)
189 below, provided that the final principal amount of the Series 2011A Bond does not exceed Five
190 Hundred Thousand Dollars (\$500,000.00), such approval to be evidenced conclusively by the Chief
191 Executive Officer's execution and delivery of the Bond in accordance with the provisions of Section
192 7 of this Ordinance.

193 (c) The Series 2011A Bond, or so much of the principal amount thereof as shall
194 have been advanced from time to time under the terms of the Loan Agreement, shall bear interest
195 from its dated date at an annual rate of interest equal to 50% of the average of the weekly Bond
196 Buyer 11-Bond Index for the month prior to the month in which the Series 2011A Bond is
197 delivered. Interest due on the unpaid principal amounts advanced under the Series 2011A Loan
198 Agreement shall accrue on the basis of a 30-day month, 360-day year from the dates of the
199 respective advances of such principal amounts, and shall be paid on February 1, 2012, and
200 semiannually thereafter on the 1st day of August and February in each year until the principal
201 amount of the Series 2011A Bond has been paid.

202 (d) The payment dates provided for in the foregoing subsections (b) and (c) are
203 based on an anticipated date of delivery of the Series 2011A Bond in June 2011 and an estimated
204 completion date for the Project in April 2012. Notwithstanding the foregoing, in the event the
205 Series 2011A Bond, for whatever reason, is not delivered in June 2011 or the estimated completion
206 date for the Project is determined to be earlier or later than April 2012 prior to the date of delivery of
207 the Series 2011A Bond, the Chief Executive Officer, on behalf of the Town, is hereby authorized

Ordinance 11-10

208 and directed to adjust and change such principal and interest payment dates provided for or
209 contemplated in subsection (b) above (including, without limitation, by providing for a first
210 minimum principal payment on the Series 2011A Bond, whether on February 1, 2013 or on another
211 date required by the Administration, and/or otherwise adjusting the dates on which principal and/or
212 interest will be due) and to approve the amortization schedule for the Series 2011A Bond prepared
213 by the Administration on a roughly level debt service basis (exclusive of any minimum principal
214 payment due on the Series 2011A Bond specified by the Administration), all as required by the
215 Administration in order to meet the requirements of Section 9-1605.1(d)(1)(iv) of the MWQFA Act
216 or to meet other requirements of the Administration, provided that the final principal amount of the
217 Series 2011A Bond does not exceed Five Hundred Thousand Dollars (\$500,000.00), such approval
218 and adjustment to be evidenced conclusively by the Chief Executive Officer's execution and
219 delivery of the Series 2011A Bond in accordance with the provisions of Section 7 of this Ordinance.

220 (e) If the Administration determines at any time to reduce the maximum amount
221 of the Loan Commitment (as defined in the Series 2011A Loan Agreement) relating to the Series
222 2011A Bond in accordance with Section 3.08 of the Series 2011A Loan Agreement, the Maximum
223 Principal Amount (as defined in the Series 2011A Bond) of the Series 2011A Bond shall be reduced
224 accordingly and such Maximum Principal Amount as so reduced shall be amortized as provided in
225 the Series 2011A Loan Agreement. In such event, as determined by the Administration, the Town
226 may execute and deliver (in the manner provided in Section 5 hereof for the original delivery of the
227 Series 2011A Bond) a new Series 2011A Bond evidencing such reduction in the Loan Commitment
228 or the Administration may deliver, and the Chief Executive Officer, on behalf of the Town, shall
229 acknowledge in writing, a certificate setting forth such reamortized payment schedule, which shall
230 be attached to the Series 2011A Bond and shall replace and supersede for all purposes the payment
231 schedule provided for in the Series 2011A Bond as executed and delivered. The Chief Executive
232 Officer, on behalf of the Town, is hereby authorized and directed to approve, execute and deliver
233 any such certificate relating to a reamortized payment schedule for the Series 2011A Bond and any
234 other certificates, documents or evidence required by the Administration under Section 3.08 of the
235 Series 2011A Loan Agreement.

236 (f) The Town shall pay (i) a late charge for any payment of principal or of
237 interest on the Series 2011A Bond that is received later than the tenth (10th) day following its due
238 date, in an amount equal to 5% of such payment, and (ii) interest on overdue installments of
239 principal and (to the extent permitted by law) interest at a rate equal to the Default Rate provided for
240 in the Series 2011A Loan Agreement, which Default Rate shall be equal to 100% of the average of
241 the Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series
242 2011A Bond is delivered. Amounts payable pursuant to this subsection (f) shall be immediately due
243 and payable to the Administration, and interest at the Default Rate shall continue to accrue on
244 overdue installments of principal and (to the extent permitted by law) interest until such amounts are
245 paid in full.

246 (g) The principal advanced under the Series 2011B Loan Agreement (as defined
247 in Section 8(a) hereof) shall be payable upon demand by the Administration in accordance with the
248 Series 2011B Loan Agreement, together with interest at an annual rate equal to one hundred percent
249 (100%) of the average of the Bond Buyer 11-Bond Index for the calendar month prior to the month
250 in which the Series 2011B Bond is delivered accruing from the date on which such demand is made

Ordinance 11-10

251 by the Administration, which demand may be made at any time prior to that date which is the ten
252 (10) year anniversary of the date of delivery of the Series 2011B Bond.

253

254 (h) The Town shall pay a late charge for any payment of principal of or interest
255 on the Series 2011B Bond that is received later than the thirtieth (30th) day following its date of
256 demand, in an amount equal to 5% of such payment.

257

258 (i) If the Administration determines at any time to reduce the maximum amount
259 of the Loan Commitment (as defined in the Series 2011B Loan Agreement) relating to the Series
260 2011B Bond in accordance with Section 3.08 of the Series 2011B Loan Agreement, the Maximum
261 Principal Amount (as defined in the Series 2011B Bond) of the Series 2011B Bond shall be reduced
262 accordingly. In such event, as determined by the Administration, the Town may execute and deliver
263 (in the manner provided in Section 5 hereof for the original delivery of the Series 2011B Bond) a
264 new Series 2011B Bond evidencing such reduction in the Loan Commitment relating to the Series
265 2011B Bond and/or the Chief Executive Officer may execute and deliver any certificates,
266 documents or instruments acknowledging and providing for such reduction, as required by the
267 Administration.

268

269 (j) PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION
270 9-1605.1(d)(8) OF THE MWQFA ACT, THE ADMINISTRATION SHALL FORGIVE
271 REPAYMENT OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE
272 SERIES 2011B LOAN AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER
273 ARTICLE III OF THE SERIES 2011B LOAN AGREEMENT AND THE SERIES 2011B BOND
274 SO LONG AS THE TOWN PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE
275 SERIES 2011B LOAN AGREEMENT. UPON DETERMINATION BY THE
276 ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE SERIES 2011B
277 LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE TOWN, PAYMENT OF THE
278 PRINCIPAL OF THE LOAN EVIDENCED BY THE SERIES 2011B BOND AND THE
279 INTEREST THEREON FROM THE DATE OF DEMAND AT THE RATE DETERMINED IN
280 ACCORDANCE WITH SUBSECTION (g) ABOVE WILL BE DUE AND PAYABLE UPON
281 DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE
282 PRINCIPAL OF AND INTEREST ON THE SERIES 2011B BOND BY THAT DATE WHICH IS
283 THE TEN (10) YEAR ANNIVERSARY OF THE DATE OF DELIVERY OF THE SERIES
284 2011B BOND, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN
285 REPAYMENT OF THE LOAN EVIDENCED BY THE SERIES 2011B BOND AND INTEREST
286 THEREON, THE SERIES 2009B BOND SHALL BE DEEMED CANCELLED AND THE
287 LOAN EVIDENCED BY THE SERIES 2011B BOND AND THE SERIES 2011B LOAN
288 AGREEMENT SHALL BE DEEMED TERMINATED AND OF NO FURTHER FORCE AND
289 EFFECT.

290

291 (k) Both the principal of and interest on the Bonds will be paid to the registered
292 owners thereof in lawful money of the United States of America, at the time of payment, and will be
293 paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft,
294 correctly addressed and postage prepaid, in the United States mail before the payment date) to the

295 registered owners at such addresses as the registered owners may designate from time to time by
296 notice in writing delivered to the Town Treasurer.

297 (l) Notwithstanding the foregoing provisions of this Section 3, in the event of a
298 discrepancy between the provisions of the Series 2011A Loan Agreement or the Series 2011B Loan
299 Agreement and this Section 3, the provisions of the Series 2011A Loan Agreement or the Series
300 2011B Loan Agreement, as applicable, shall control.

301 **SECTION 4: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
302 **OF LA PLATA** that the Series 2011A Bond shall be subject to mandatory prepayment, in whole or
303 in part, as, when and to the extent required by the EPA's (and its successors) State Revolving Fund
304 Program Regulations. Otherwise, the Series 2011A Bond may be prepaid by the Town, in whole or
305 in part, only at such times and in such amounts, and upon payment by the Town of such prepayment
306 premium or penalty, as the Director of the Administration, in his or her discretion, may specify and
307 approve.

308 **SECTION 5: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
309 **OF LA PLATA** that the Bonds shall be executed in the name of the Town and on its behalf by
310 the Chief Executive Officer. The corporate seal of the Town shall be affixed to the Bonds and
311 attested by the signature of the Town Clerk. In the event any official whose signature shall
312 appear on a Bond shall cease to be such official prior to the delivery of such Bond, or, in the
313 event any such official whose signature shall appear on a Bond shall have become such after the
314 date of delivery thereof, said Bond shall nevertheless be a valid and binding obligation of the
315 Town in accordance with its terms.

316 **SECTION 6: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
317 **OF LA PLATA** that the Series 2011A Bond shall be transferable only after the first principal
318 payment date as set forth in the Series 2011A Bond or the date upon which the Maximum Principal
319 Amount of the Series 2011A Bond has been borrowed, whichever is earlier, and the Series 2011B
320 Bond shall be transferable only after the date upon which the Maximum Principal Amount of the
321 Series 2011B Bond has been borrowed. Each Bond shall be transferable upon the books of the
322 Town at the office of the Town Treasurer, by the registered owner in person or by his attorney duly
323 authorized in writing, upon surrender thereof, together with a written instrument of transfer
324 satisfactory to the Town Treasurer, duly executed by such registered owner or his duly authorized
325 attorney. The Town shall, within a reasonable time, issue in the name of the transferee a new
326 registered bond or bonds of the same series as the Bond surrendered, in such denominations as the
327 Town shall by resolution approve, in an aggregate principal amount equal to the unpaid principal
328 amount of the bond or bonds surrendered and with the same maturities and interest rate, as
329 applicable, and, with respect to any bond or bonds exchanged for the Series 2011B Bond, the same
330 forgiveness provisions. If more than one bond is issued upon any such transfer of the Series 2011A
331 Bond, the installment of principal and interest to be paid on each such bond on each payment date
332 shall be equal to the product of the following formula: the total installment due on each payment
333 date multiplied by a fraction, the numerator of which shall be the principal amount of such bond and
334 the denominator of which shall be the aggregate principal amount of the bonds representing the
335 Series 2011A Bond then outstanding and unpaid. The new bond or bonds shall be delivered to the
336 transferee only after payment of any taxes on and any shipping or insurance expenses relating to

337 such transfer: The Town may deem and treat the party in whose name a bond is registered as the
338 absolute owner thereof for the purpose of receiving payment of or on account of the principal
339 thereof and interest due thereon and for all other purposes. References in this Ordinance to a Bond
340 shall be deemed to refer to any bond or bonds transferred for such Bond in accordance with the
341 provisions of this Section 6, and references in this Ordinance to the registered owner of a Bond shall
342 be deemed to refer to any or all of the registered owners of bonds of such series contemplated by
343 this Section 6.

344 **SECTION 7: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
345 **OF LA PLATA** that except as provided hereinafter, the Series 2011A Bond shall be issued in
346 substantially the form attached hereto as Exhibit A and incorporated by reference herein and the
347 Series 2011B Bond shall be issued in substantially the form attached hereto as Exhibit B and
348 incorporated by reference herein. Appropriate variations and insertions to provide dates, numbers
349 and amounts, and modifications not altering the substance of the Bonds, including, without
350 limitation, to reflect matters determined in accordance with Sections 2 and 3 hereof, may be made
351 by the Chief Executive Officer. All of the covenants contained in the forms attached hereto as
352 Exhibit A and Exhibit B, as the Bonds may be finally completed as provided herein, are hereby
353 adopted by the Town as and for the forms of obligations to be incurred by the Town, and the
354 covenants and conditions are hereby made binding upon the Town, including the promise to pay
355 therein contained.

356 **SECTION 8: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
357 **OF LA PLATA** that (a) the Town hereby determines to sell the Bonds by private sale, without
358 public bidding, which sale by private sale is hereby deemed by the Town to be in its best interest
359 and in the interest of its citizens due, in part, to the benefit of the structures of the Bonds as draw-
360 down obligations and the beneficial interest rates and, with respect to the Series 2011B Bond, the
361 potential for forgiveness and early termination of such Bond. Therefore, and pursuant to the
362 authority of the MWQFA Act, each Bond shall be sold by private sale, without public bidding, for a
363 price of the par amount of such Bond (such purchase price to be advanced in accordance with the
364 applicable Loan Agreement, as defined below) to the Administration, in accordance with the
365 substantially final form of the Loan Agreement with respect to the Series 2011A Bond attached
366 hereto as Exhibit C (the "Series 2011A Loan Agreement") and the substantially final form of the
367 Loan Agreement with respect to the Series 2011B Bond attached hereto as Exhibit D (the "Series
368 2011B Loan Agreement" and, together with the Series 2011A Loan Agreement, the "Loan
369 Agreements" or, individually, a "Loan Agreement"), the terms and conditions of which Loan
370 Agreements, as completed as provided in this Section 8, are hereby incorporated by reference herein
371 and approved by and adopted as the obligations of the Town. Each Bond is referred to in the
372 corresponding Loan Agreement as the "Note". The substantially final forms of the Loan
373 Agreements attached hereto as Exhibit C and Exhibit D reflect the expectation, as of the date of
374 introduction of this Ordinance, that the final principal amount of each Bond will be Five Hundred
375 Thousand Dollars (\$500,000.00). The Chief Executive Officer is hereby authorized and directed to
376 complete, execute and deliver each Loan Agreement for and in the name of the Town with such
377 changes, insertions and deletions as are approved by the Chief Executive Officer to reflect matters
378 determined in accordance with Sections 2, 3 and 8 hereof, to comply with program requirements of
379 the Administration or to complete the exhibits to the substantially final forms of Loan Agreements
380 attached hereto, or are determined by the Chief Executive Officer not to be materially adverse to the

Ordinance 11-10

381 interests of the Town, such approval to be evidenced conclusively by the Chief Executive Officer's
382 execution and delivery of the Loan Agreements. Notwithstanding anything to the contrary
383 contained in this Ordinance, advances under the Loan Agreements or the Bonds and prepayment or
384 payment of the principal of and interest on the Bonds shall be made in accordance with the
385 corresponding Loan Agreements. The Town agrees to abide by and perform the covenants and
386 agreements set forth in the Loan Agreements as finally executed and delivered in accordance with
387 this Section 8 as though such covenants and agreements were set forth in full in this Ordinance.

388 (b) The Town is hereby authorized and directed to pay any fees or costs
389 provided for in the Loan Agreements that are not payable from Bond proceeds, including, without
390 limitation, any Administrative Fee payments provided for in the Series 2011A Loan Agreement, and
391 any other costs and expenses relating to the Bonds or the Loan Agreements. The Town hereby
392 expressly acknowledges its absolute and unconditional obligation to make such payments.

393 (c) As authorized by Section 9-1606(d) of the MWQFA Act, the Town hereby
394 pledges any moneys that the Town is entitled to receive from the State of Maryland, including the
395 Town's share of the income tax revenues collected by the State, to secure its obligations under the
396 Loan Agreements, subject to any limitations on such pledge provided for in the Loan Agreements in
397 accordance with this Section 8. Such pledge shall be evidenced by and detailed in the Loan
398 Agreements.

399 (d) The Town hereby acknowledges the provisions of Article IV of each Loan
400 Agreement (Events of Default and Remedies), which allow for, among other remedies, all payments
401 on the applicable Bond to be declared immediately due and payable upon the occurrence of an
402 Event of Default provided for in such Loan Agreement.

403 **SECTION 9: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
404 **OF LA PLATA** that as soon as may be practicable after the enactment of this Ordinance, the
405 Bonds shall be suitably prepared in definitive form, executed and delivered to the Administration
406 upon a date or dates mutually satisfactory to the Administration and the Chief Executive Officer.
407 The Mayor, the Town Manager, the Town Treasurer, the Town Clerk and all other appropriate
408 officials and employees of the Town are expressly authorized, empowered and directed to take any
409 and all action necessary to complete and close the sale and delivery of the Bonds to the
410 Administration and to negotiate, approve, execute and deliver all documents, certificates and
411 instruments necessary or appropriate in connection therewith. Each of the Chief Executive Officer
412 and the Town Treasurer is hereby expressly authorized to take any necessary actions under the Loan
413 Agreements or the Bonds in order to requisition advances on behalf of the Town. Each of the Chief
414 Executive Officer and the Town Treasurer is hereby expressly designated an "Authorized Officer"
415 for purposes of the Loan Agreements. References in this Ordinance to Town officials by title shall
416 be deemed to include any such official serving in an acting capacity.

417 **SECTION 10: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
418 **OF LA PLATA** that each advance of the proceeds of the Bonds shall be paid directly to the Town
419 and shall be deposited by the Town Treasurer or other appropriate Town official in the proper
420 municipal accounts, or shall be paid at the direction of the Authorized Officer, or shall be paid as
421 otherwise required by the Administration. Advances under the Bonds shall be used and applied by

422 the Town exclusively and solely for the public purpose described in Section 2 hereof. Nothing in
423 this Ordinance shall be construed to authorize the expenditure of any moneys except for a proper
424 public purpose. The proceeds of the Bonds are hereby appropriated for the purposes set forth in this
425 Ordinance.

426 **SECTION 11: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
427 **OF LA PLATA** that (a) the principal of and interest on the Bonds will be payable in the first
428 instance from revenues received by the Town from the operation of the water supply system and the
429 wastewater system serving the Town, including fees for use of or connection to such systems, to the
430 extent available for such purpose. In the event such moneys are insufficient in any fiscal year to
431 provide for the prompt payment, when due, of the principal of and interest on the Bonds, the Town
432 shall levy or cause to be levied, for each and every fiscal year during which the Bonds may be
433 outstanding, ad valorem taxes upon all real and tangible personal property within its corporate limits
434 subject to assessment for unlimited municipal taxation in rate and amount sufficient to provide for
435 the payment, when due, of the principal of and interest on the Bonds payable in each such fiscal
436 year and, in the event the proceeds from the collection of the taxes so levied may prove inadequate
437 for such purposes in any fiscal year, additional taxes shall be levied in the subsequent fiscal year to
438 make up any deficiency.

439 (b) The full faith and credit and unlimited taxing power of the Town are hereby
440 irrevocably pledged to the prompt payment of the principal of and interest on the Bonds as and
441 when the same are payable and to the levy and collection of the taxes hereinabove described as and
442 when such taxes may become necessary in order to provide sufficient funds to meet the debt service
443 requirements of the Bonds. The Town hereby covenants with the registered owners of the Bonds to
444 take any action that may be lawfully appropriate from time to time during the period that the Bonds
445 remain outstanding and unpaid to provide the funds necessary to pay promptly the principal and
446 interest due thereon.

447 (c) The foregoing provisions shall not be construed so as to prohibit the Town
448 from paying the principal of and interest on the Bonds from the proceeds of the sale of any other
449 obligations of the Town or from any other funds legally available for that purpose. The Town may
450 apply to the payment of the principal of or interest on the Bonds any funds received by it from the
451 State of Maryland or the United States of America, or any governmental agency or instrumentality,
452 or from any other source, if such funds are granted or paid to the Town for the purpose of assisting
453 the Town in accomplishing the type of project or projects which the Bonds are issued to finance or
454 refinance or are otherwise available for such purpose.

455 **SECTION 12: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
456 **OF LA PLATA** that notwithstanding anything to the contrary contained in this Ordinance, the
457 Town shall use and apply proceeds of the Bonds only as permitted by the Loan Agreement, the Safe
458 Drinking Water Act and the MWQFA Act (referred to in the Loan Agreements as the "Act").

459 **SECTION 13: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
460 **OF LA PLATA** that the title of this Ordinance shall constitute, and is deemed to be, a fair
461 summary of this Ordinance for publication and all other purposes.
462

463 **SECTION 14: BE IT FURTHER ENACTED BY THE COUNCIL OF THE TOWN**
464 **OF LA PLATA** that, in accordance with Section C6-4 of the Charter and Section 13-19.D. of the
465 Code of the Town, this Ordinance shall become effective upon the expiration of fifteen (15)
466 calendar days following approval by the Council.
467

468
469

[CONTINUED ON NEXT PAGE]

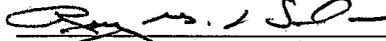
Ordinance 11-10

INTRODUCED this 24 day of May, 2011.

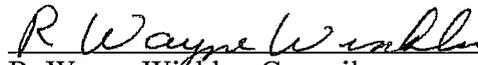
PASSED AND APPROVED this 31 day of May, 2011.

SEAL:

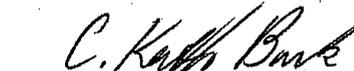
COUNCIL OF THE TOWN OF LA PLATA



Roy G. Hale, Mayor



R. Wayne Winkler, Councilman

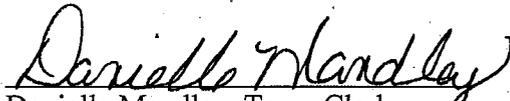


C. Keith Back, Councilman

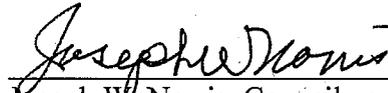
ATTEST:

Absent

Paretta D. Mudd, Councilwoman



Danielle Mandley, Town Clerk



Joseph W. Norris, Councilman

EFFECTIVE: June 16, 2011

<p>EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. ((Double Parenthesis)) indicate matter deleted from existing law. <u>Underlining</u> indicates amendments to ordinance. Strike Out indicates matter stricken from ordinance by amendment or deleted from the law by amendment.</p>
--

#138631;50054.006

1 EXHIBIT A

2
3 FORM OF SERIES 2011A BOND

4
5
6 \$ _____

RA-__

7
8 REGISTERED

9
10 UNITED STATES OF AMERICA
11 STATE OF MARYLAND

12
13 TOWN OF LA PLATA
14 DRINKING WATER BOND, SERIES 2011A

15
16 Dated _____, 2011

17
18 PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE
19 BY CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER
20 TO THE REGISTERED OWNER AND IT CANNOT
21 BE DETERMINED FROM THE FACE OF THIS BOND WHETHER
22 ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST
23 ON THIS BOND HAS BEEN PAID.

24
25 REGISTERED OWNER: Maryland Water Quality Financing Administration

26
27 Town of La Plata, a municipal corporation of the State of Maryland (the "Borrower"),
28 hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal
29 amount of \$ _____ (the "Maximum Principal Amount") or so much thereof as shall
30 have been advanced from time to time under the terms of the Loan Agreement dated as of
31 _____, 2011 relating to this bond (the "Loan Agreement") by and between the
32 Borrower and the Maryland Water Quality Financing Administration (the "Administration"),
33 plus interest on the unpaid principal advanced under the terms of the Loan Agreement at the rate
34 of _____ per centum (___%) per annum.

35
36 The principal advanced under the Loan Agreement shall be paid in installments on the
37 dates and in the amounts as set forth in the following schedule, as such schedule may be
38 amended in accordance with the terms hereof:
39

Ordinance 11-10

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

40

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

50

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

55

56 Interest due on the unpaid principal amounts advanced under the Loan Agreement shall
57 accrue on the basis of a 30-day month, 360-day year from the date of the respective advances of
58 such principal amount, and shall be paid on February 1, 2012, and semiannually thereafter on the
59 1st day of August and February in each year until the principal amount hereof has been paid.

60

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

63

64 Both the principal of and interest on this bond will be paid to the registered owner in
65 lawful money of the United States of America, at the time of payment, and will be paid by
66 electronic funds transfer, or by check or draft mailed (by depositing such check or draft,
67 correctly addressed and postage prepaid, in the United States mail before the payment date) to
68 the registered owner at such address as the registered owner may designate from time to time by
69 a notice in writing delivered to the Town Treasurer of the Town.

Ordinance 11-10

70
71 This bond is issued pursuant to and in full conformity with the provisions of Sections 31
72 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as amended, Sections C8-20
73 and C8-21 of the Charter of the Town of La Plata, as amended, and the Maryland Water Quality
74 Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the
75 Environment Article of the Annotated Code of Maryland, as amended), and by virtue of due
76 proceedings had and taken by the Borrower, particularly Ordinance 11-_____, passed by the
77 Council of the Borrower on _____, 2011 and effective on
78 _____, 2011 (the "Resolution").
79

80 This bond, together with the Loan Agreement, evidences the Loan (as defined in the Loan
81 Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In
82 accordance with the Loan Agreement, the principal amount of the Loan, being the amount
83 denominated as principal under this bond, is subject to reduction or adjustment by the
84 Administration in accordance with the Loan Agreement.
85

86 The full faith and credit and unlimited taxing power of the Borrower are hereby
87 irrevocably pledged to the prompt payment of the principal of and interest on this bond
88 according to its terms, and the Borrower does hereby covenant and agree to pay the principal of
89 and interest on this bond at the dates and in the manner prescribed herein.
90

91 This bond is transferable only after the first principal payment date as set forth above or
92 the date upon which the Maximum Principal Amount has been borrowed, whichever is earlier,
93 upon the books of the Borrower at the office of the Town Treasurer by the registered owner
94 hereof in person or by his attorney duly authorized in writing, upon surrender hereof, together
95 with a written instrument of transfer satisfactory to the Town Treasurer, duly executed by the
96 registered owner or his duly authorized attorney. The Borrower shall, within a reasonable time,
97 issue in the name of the transferee a new registered bond or bonds, in such denominations as the
98 Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid
99 principal amount of the bond or bonds surrendered and with the same maturities and interest rate.
100 If more than one bond is issued upon any such transfer, the installment of principal and interest
101 to be paid on each such bond on each payment date shall be equal to the product of the following
102 formula: the total installment due on each payment date multiplied by a fraction, the numerator
103 of which shall be the principal amount of such bond and the denominator of which shall be the
104 aggregate principal amount of bonds then outstanding and unpaid. The new bond or bonds shall
105 be delivered to the transferee only after payment of any taxes on and any shipping or insurance
106 expenses relating to such transfer. The Borrower may deem and treat the party in whose name
107 this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on
108 account of the principal hereof and interest due hereon and for all other purposes.
109

110 It is hereby certified and recited that all conditions, acts and things required by the
111 Constitution or statutes of the State of Maryland and the Resolution to exist, to have happened or
112 to have been performed precedent to or in the issuance of this bond, exist, have happened and

Ordinance 11-10

113 have been performed, and that the issuance of this bond, together with all other indebtedness of
114 the Borrower, is within every debt and other limit prescribed by said Constitution or statutes.

115

116 IN WITNESS WHEREOF, this bond has been executed by the manual signature of the
117 [Mayor][Town Manager] and the seal of the Borrower has been affixed hereto, attested by the
118 manual signature of the Town Clerk, all as of the _____ day of _____,
119 2011.

120

121

122 (SEAL)

123

124

125 ATTEST:

TOWN OF LA PLATA

126

127

128

129

130

Town Clerk

[Mayor][Town Manager]

1 EXHIBIT B
2
3

4 FORM OF SERIES 2011B BOND
5

6
7 \$ _____
8

RB-__

9 REGISTERED

10 UNITED STATES OF AMERICA
11 STATE OF MARYLAND
12

13 TOWN OF LA PLATA
14 DRINKING WATER BOND, SERIES 2011B
15 Dated _____, 2011
16

17
18 PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE
19 BY CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER
20 TO THE REGISTERED OWNER AND IT CANNOT
21 BE DETERMINED FROM THE FACE OF THIS BOND WHETHER
22 ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST
23 ON THIS BOND HAS BEEN PAID.
24

25 REGISTERED OWNER: Maryland Water Quality Financing Administration
26

27 Town of La Plata, a municipal corporation of the State of Maryland (the "Borrower"),
28 hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal
29 amount of \$ _____ (the "Maximum Principal Amount") or so much thereof as shall
30 have been advanced from time to time under the terms of the Loan Agreement dated as of
31 _____, 2011 relating to this bond (the "Loan Agreement") by and between the
32 Borrower and the Maryland Water Quality Financing Administration (the "Administration"),
33 plus interest on the unpaid principal advanced under the terms of the Loan Agreement as
34 provided for herein.
35

36 At any time prior to _____, 2021, the principal advanced under the Loan
37 Agreement shall be payable in full on demand by the Administration in accordance with the
38 Loan Agreement and the second succeeding paragraph below, together with interest at the rate of
39 _____ per centum (_____ %) per annum accruing from the date
40 on which such demand is made by the Administration.
41

42 If the Administration determines at any time to reduce the maximum amount of the Loan
43 Commitment (as defined in the Loan Agreement) in accordance with Section 3.08 of the Loan

44 Agreement, the Maximum Principal Amount shall be reduced accordingly. Any such reduction
45 shall not affect the obligation of the Borrower to pay the principal of and interest on this bond as
46 and when the same shall become due in accordance with the terms hereof.

47

48 PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION 9-
49 1605.1(d)(8) OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF
50 MARYLAND, AS AMENDED, THE ADMINISTRATION SHALL FORGIVE REPAYMENT
51 OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE LOAN
52 AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE
53 LOAN AGREEMENT AND THIS BOND, SO LONG AS THE BORROWER PERFORMS
54 ALL OF ITS OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT. UPON
55 DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER
56 OBLIGATIONS UNDER THE LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY
57 THE BORROWER, PAYMENT OF THE PRINCIPAL OF THE LOAN AND THE INTEREST
58 THEREON WILL BE DUE AND PAYABLE UPON DEMAND. IF THE ADMINISTRATION
59 HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS
60 BOND PRIOR TO _____, 2021, THEN THE ADMINISTRATION
61 SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED
62 BY THIS BOND AND INTEREST THEREON; THIS BOND SHALL BE DEEMED
63 CANCELLED AND THE LOAN EVIDENCED BY THIS BOND AND THE LOAN
64 AGREEMENT SHALL BE DEEMED TERMINATED AND OF NO FURTHER FORCE AND
65 EFFECT.

66

67 Both the principal of and interest on this bond will be paid to the registered owner in
68 lawful money of the United States of America, at the time of payment, and will be paid by
69 electronic funds transfer, or by check or draft mailed (by depositing such check or draft,
70 correctly addressed and postage prepaid, in the United States mail before the payment date) to
71 the registered owner at such address as the registered owner may designate from time to time by
72 a notice in writing delivered to the Town Treasurer.

73

74 This bond is issued pursuant to and in full conformity with the provisions of Sections 31
75 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as amended, Sections C8-20
76 and C8-21 of the Charter of the Town of La Plata, as amended, and the Maryland Water Quality
77 Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the
78 Environment Article of the Annotated Code of Maryland, as amended), and by virtue of due
79 proceedings had and taken by the Borrower, particularly Ordinance 11-_____, passed by the
80 Council of the Borrower on _____, 2011 and effective on
81 _____, 2011 (the "Resolution").

82

83 This bond, together with the Loan Agreement, evidences the Loan (as defined in the Loan
84 Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In
85 accordance with the Loan Agreement, the principal amount of the Loan, being the amount

Ordinance 11-10

86 denominated as principal under this bond, is subject to reduction or adjustment by the
87 Administration in accordance with the Loan Agreement.

88
89 The full faith and credit and unlimited taxing power of the Borrower are hereby
90 irrevocably pledged to the prompt payment of the principal of and interest on this bond
91 according to its terms, and the Borrower does hereby covenant and agree to pay the principal of
92 and interest on this bond at the dates and in the manner prescribed herein.

93
94 This bond is transferable only after the Maximum Principal Amount has been borrowed,
95 upon the books of the Borrower at the office of the Town Treasurer by the registered owner
96 hereof in person or by his attorney duly authorized in writing, upon surrender hereof, together
97 with a written instrument of transfer satisfactory to the Town Treasurer, duly executed by the
98 registered owner or his duly authorized attorney. The Borrower shall, within a reasonable time,
99 issue in the name of the transferee a new registered bond or bonds, in such denominations as the
100 Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid
101 principal amount of the bond or bonds surrendered of the same series and with the same maturity
102 and interest rate and the same forgiveness provisions. The new bond or bonds shall be delivered
103 to the transferee only after payment of any taxes on and any shipping or insurance expenses
104 relating to such transfer. The Borrower may deem and treat the party in whose name this bond is
105 registered as the absolute owner hereof for the purpose of receiving payment of or on account of
106 the principal hereof and interest due hereon and for all other purposes.

107
108 It is hereby certified and recited that all conditions, acts and things required by the
109 Constitution or statutes of the State of Maryland and the Resolution to exist, to have happened or
110 to have been performed precedent to or in the issuance of this bond, exist, have happened and
111 have been performed, and that the issuance of this bond, together with all other indebtedness of
112 the Borrower, is within every debt and other limit prescribed by said Constitution or statutes.

113
114 IN WITNESS WHEREOF, this bond has been executed by the manual signature of the
115 [Mayor][Town Manager] and the seal of the Borrower has been affixed hereto, attested by the
116 manual signature of the Town Clerk, all as of the _____ day of _____,
117 2011.

118
119
120 (SEAL)

121
122
123 ATTEST:

TOWN OF LA PLATA

124
125
126
127
128 _____
Town Clerk

[Mayor][Town Manager]

Ordinance 11-10

129

130

EXHIBIT C

FORM OF SERIES 2011A LOAN AGREEMENT

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

"Insert Name of Entity"

Dated as of , 2011

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01	Definitions	2
Section 1.02	Rules of Construction	4

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01	Events of Default	17
Section 4.02	Notice of Default	17
Section 4.03	Remedies on Default	18

Section 4.04	Attorneys' Fees and Other Expenses	18
Section 4.05	Application of Monies	18
Section 4.06	No Remedy Exclusive; Waiver; Notice	18

ARTICLE V

MISCELLANEOUS

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

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

LOAN AGREEMENT

THIS LOAN AGREEMENT, made this _____ day of _____, 2011 between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and "Insert Name of Entity", a _____ of the State (the "Borrower").

RECITALS

The federal Safe Drinking Water Act ("SDWA"), as amended, authorizes the Environmental Protection Agency ("EPA") to award grants to qualifying States to establish and capitalize State drinking water treatment revolving loan funds ("SRFs") for the purpose of providing loans and certain other forms of financial assistance (but not grants) to finance, among other things, the construction and improvement of publicly-owned and privately-owned water supply systems.

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

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

The Director of the Administration has determined that the making of a loan to the Borrower for the purpose of assisting the financing of the Project, on the terms and conditions hereinafter set forth, is necessary and desirable in the public interest, will promote the health, safety and welfare of the inhabitants of the State and the United States by assisting in ensuring that public drinking water remains safe, adequate and affordable, and will further the purposes of the SDWA and the Act.

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

ARTICLE I
DEFINITIONS

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

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

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

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

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

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

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

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

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

“Borrower” means the local government, individual or entity that is identified in the first paragraph of this Agreement, and its successors and assigns.

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

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

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

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

“Director” means the Director of the Administration.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of Maryland.

“Trustee” means the trustee for the Bonds.

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

(a) words importing the singular number include the plural number and words importing the plural number include the singular number;

(b) words of the masculine gender include correlative words of the feminine and neuter genders;

(c) words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof;

(d) the terms "agree" and "agreement" shall include and mean "covenant", and all agreements contained in this Agreement are intended to constitute covenants and shall be enforceable as such;

(e) the headings and the Table of Contents set forth in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect; and

(f) any reference to a particular Article or Section shall be to such Article or Section of this Agreement unless the context shall otherwise require.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

(a) Corporate Organization and Authority. The Borrower:

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

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

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

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

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

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

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

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

(f) Governmental Consent; Project Consistency.

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

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

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

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

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

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

(ii) fully executed counterparts of this Agreement and the Note.

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

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

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

Section 2.02. Particular Covenants of the Borrower.

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

(b) Sale or Disposition of Project. The Borrower reasonably expects that no portion of the Project will be sold prior to the final maturity date of the Loan. In the event that the Borrower shall sell or otherwise dispose of any portion of the Project prior to the final maturity date of the Loan, the Borrower shall apply the net proceeds thereof to the prepayment of the Loan or as the Administration shall otherwise direct unless the Borrower shall have obtained the prior written consent of the Administration to some other proposed application of such net proceeds.

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

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, the State primary drinking water regulations and with any requirements set forth in the construction and other required permits. The Borrower shall satisfy all applicable Requirements

for operation of the Project by the completion of the Project, and shall commence operation of the Project promptly upon its completion. No substantial changes may be made to the Plans and Specifications, the general construction contract or the Project Budget, or in the construction of the Project without the prior written approval of the Administration in its discretion. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Project in excess of the amount available to be loaned to the Borrower hereunder. Upon the completion of the Project, the Borrower shall deliver to the Administration a certificate of the Borrower certifying that the Project was completed as of the date set forth in such certificate.

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

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

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

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

(i) Compliance with Requirements. The Borrower acknowledges that the Loan and this Agreement are subject to, and the Borrower agrees to comply with, all Requirements applicable to the Project and the financing thereof, including (without limiting the generality of the foregoing) the SDWA, the Act, and all other applicable State and federal statutes and such rules,

regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within 150 days of the end of each Fiscal Year, 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.

(k) Additional Disclosure Information. The Borrower agrees to provide the Administration with such information regarding the Borrower and its finances as the Administration may from time to time request. The Borrower further acknowledges that the Administration may issue one or more series of Bonds pursuant to the Indenture, and that any or all of such Bonds may be secured in part by repayments of the Borrower with respect to the Loan. The Borrower accordingly agrees to provide to the Administration such information regarding the Borrower and its finances as the Administration may from time to time request for inclusion in the official statements or other offering documents to be distributed in connection with the sale of any such Bonds or any annual disclosure document or other informational document prepared from time to time by the Administration to be made available to prospective purchasers or holders of any of such Bonds. The Borrower shall also furnish to the Administration at its request a certificate of an Authorized Officer of the Borrower to the effect that any information so provided or included contains no material inaccuracy or omission in light of the purposes for which such information is provided or included. The Borrower agrees to notify the Administration promptly in writing of (a) any changes in the condition or affairs of the Borrower (financial or other) that would cause any information regarding the Borrower so provided or included in an official statement or any subsequent offering document, annual disclosure document or other informational document of the Administration that the Borrower has had an opportunity to review and certify as to its accuracy, to contain a material inaccuracy or omission in light of the purposes for which such information is so included, and (b) any event set forth in Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C), as such rule may be amended and supplemented.

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

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

Section 3.03. (a) Requisitions and Disbursements. Amounts shall be loaned from time to time to pay, or reimburse the Borrower for the payment of, Eligible Project Costs, upon receipt of requisitions of the Borrower. Each such requisition shall (i) state the names of the payees, (ii) describe in reasonable detail the purpose of each payment, (iii) state the amount of each payment (supported by appropriate paid invoices or other evidence satisfactory to the Administration that the amount requisitioned has been paid or has been incurred by the Borrower and is then due), (iv) state that the amount so requisitioned constitutes a part of the Eligible Project Costs and (v) state that no Default or Event of Default under this Agreement has occurred and is continuing; provided, that this section shall not apply to advances made or deemed to have been made as provided in Section 3.03(c) hereof. In no event shall the Administration be obligated to advance to the Borrower any amount so long as any Default or Event of Default under this Agreement shall have occurred and be continuing. The Administration shall not be required to advance monies on more than one day in each month, and the Administration shall not be required to advance monies for the Project sooner than, or in an amount greater than, the schedule of disbursements for the Project shown on the "Construction Cash Draw Schedule" included in Exhibit C attached hereto. The Administration may require the Borrower to submit requisitions in advance of each such disbursement date in such manner as shall be reasonably acceptable to the Administration.

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

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

- (ii) a survey showing the location of existing and proposed easements, rights-of-way and improvements, and the perimeter boundaries of the land upon which the Project will be located, if any Loan proceeds are to be used for acquisition of the land;
- (iii) copies of all building permits, if any, pertaining to the Project;
- (iv) cost breakdown in trade form showing all subcontracts which represent at least 10 percent of the costs of the Project, and indicating use of the proceeds of the Loan therefor;
- (v) a fully executed copy of any contract for the purchase of real property constituting a portion of the Eligible Project Costs described in Exhibit C; and
- (vi) evidence satisfactory to the Administration that the conditions (if any) set forth in Exhibit A to this Agreement have been satisfied.

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

(c) Interest During Construction. In the event that the Administration has consented to permit the Borrower to pay interest on the Loan from proceeds of the Loan during all or a portion of the period of time related to construction of the Project (as itemized in Exhibit C) ("Construction Period Interest"), the Administration shall on each February 1 and August 1 during such period advance to the Borrower an amount equal to the interest on the Loan due on such February 1 or August 1 and not theretofore paid by the Borrower. Any such amount of Construction Period Interest advanced by the Administration shall constitute part of the principal amount of the Loan hereunder immediately upon its advance to the Borrower in accordance with this paragraph. Notwithstanding the advance of any Construction Period Interest to the Borrower in accordance with this Section, the Borrower shall pay directly to the Administration the Administrative Fee on the dates and in the amounts set forth in Section 3.04(c), and no amounts shall be advanced under the Loan for the payment of the Administrative Fee.

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

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

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

(ii) In prescribing the Administrative Fee for a loan with a term of twenty years or more for purposes of paragraph (i) above, the Administration shall employ the following formula, it being understood that any determinations as to the application of such formula shall be within the discretion of the Administration and any Administrative Fee Payment prescribed by the Administration in accordance with the foregoing shall be conclusive and binding upon the Administration and the Borrower: the Administrative Fee equals (A) the aggregate amount of all scheduled payments of principal of and interest on the Note, multiplied by the Percentage Rate (defined in paragraph (iv) below) then in effect, (B) divided by the total number of scheduled Administrative Fee Payment Dates. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$5,000,000 and the Percentage Rate were 5%, and the total number of scheduled Administrative Fee Payment Dates were 21, the Administrative Fee to be paid each year would equal:

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

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

(defined in paragraph (iv) below) then in effect, (B) divided by 20. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$4,000,000 and the Percentage Rate were 5%, the Administrative Fee to be paid each year would equal:

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

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

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

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

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

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

Section 3.07. Loan Commitment. The Borrower acknowledges and agrees that the monies attributable to the Borrower's Loan Commitment are the property of the Administration and are held by the Administration to provide for advances to be made to the Borrower in accordance with this Agreement or to be otherwise disposed of by the Administration in accordance with this Agreement.

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

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

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

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

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

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

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

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(SEAL)

WITNESS:

MARYLAND WATER QUALITY FINANCING
ADMINISTRATION

Jag Khuman
Director

(SEAL)

ATTEST:

BORROWER: _____

Name:
Title:

By: _____ (SEAL)

Name:
Title:

Approved for form and legal sufficiency

this ___ day of _____, 201__

Approved for form and legal sufficiency

this ___ day of _____, 201__

Local Attorney for
Borrower

Helen E. Akparanta
Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 1

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

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. The first regularly scheduled payment of interest on the Loan shall be due on February 1, 2012.
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 financed by this loan, and shall include specific language regarding compliance in its contracts and subcontracts.

EXHIBIT B
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 1

DESCRIPTION OF THE LOAN

- (1) Project Name(s): La Plata Flexnet Fixed Base Water Meter System Loan 1
- (2) Maximum Principal Amount of Loan Commitment: \$500,000
- (3) Rate of Interest: % (*Based upon 50% of the May 2011 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 20 Amortizing Principal Payments: February 1, 2013
 - (b) Level Principal ; or
Level Debt Service X; or
Other
- (5) Annual Administrative Fee: \$, beginning August 1, 2012
- (6) Estimated Completion Date of Project(s): April 2012
- (7) Default Rate: % (*Based upon the May 2011 average of the Bond Buyer 11-Bond Index*)
- (8) Description of Project: The proposed project entails the installation of new water meters throughout the Town of La Plata water system. The Town plans to acquire and install new water meters in order to accurately track water losses, minimize leakage and promote water conservation.

EXHIBIT C
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 1

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

<u>Description</u>	<u>Allocated Amount of Loan*</u>
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies	
	Subtotal Loan: <u>\$500,000</u>

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

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

Total Reimbursement at Closing: \$ 0.00
Total Loan: \$500,000

EXHIBIT C
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 1

PROJECT BUDGET (continued)

C. Construction Cash Draw Schedule*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 11 Q4 (Jul 11 – Sep 11)	\$175,000
FFY 12 Q1 (Oct 11 – Dec 11)	\$150,000
FFY 12 Q2 (Jan 12 – Mar 12)	\$100,000
FFY 12 Q3 (Apr 12 – Jun 12)	<u>\$ 75,000</u>
Total Disbursements:	<u>\$500,000</u>

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Loan Agreement dated as of _____, 2011 (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 2011, dated _____, 2011 (the "Note"). The Agreement and the Note are referred to herein collectively as the "Loan Documents". Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

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

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

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

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

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

(f) Neither the execution and delivery of the Loan Documents, the consummation of the transactions contemplated thereby, the acquisition and construction of the Project nor the fulfillment of or compliance with the terms and conditions of the Loan Documents conflicts with or results in a breach of or default under any of the terms, conditions or provisions of the charter or laws governing the Borrower (including any limit on indebtedness) or, to the best of our knowledge, 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: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 1

DESCRIPTION OF DEDICATED REVENUES

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

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

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2011

Dated _____, 2011

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

REGISTERED OWNER: Maryland Water Quality Financing Administration

_____, a [body politic and corporate] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower"), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$_____ (the "Maximum Principal Amount") or so much thereof as shall have been advanced from time to time under the terms of the Loan Agreement dated as of _____, 2011 (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:

F-1

<u>Due</u> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>
2012		2021	
2013		2022	
2014		2023	
2015		2024	
2016		2025	
2017		2026	
2018		2027	
2019		2028	
2020		2029	

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 _____, 200__, and semiannually thereafter on the 1st day of _____ and _____ in each year until the principal amount hereof has been paid.

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

Both the principal of and interest on this bond will be paid to the registered owner in lawful money of the United States of America, at the time of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mails before the payment date) to

the registered owner at such address as the registered owner may designate from time to time by a notice in writing delivered to the [INSERT BORROWER'S AUTHORIZED OFFICER].

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

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

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

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

EXHIBIT D

FORM OF SERIES 2011B LOAN AGREEMENT

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

"Insert Name of Entity"

Dated as of , 2011

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01	Definitions	2
Section 1.02	Rules of Construction	4

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01	Events of Default	17
Section 4.02	Notice of Default	17
Section 4.03	Remedies on Default	18

Section 4.04	Attorneys' Fees and Other Expenses	18
Section 4.05	Application of Monies	18
Section 4.06	No Remedy Exclusive; Waiver; Notice	18

ARTICLE V

MISCELLANEOUS

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

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

LOAN AGREEMENT

THIS LOAN AGREEMENT, made this day of , 2011 between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and "Insert Name of Entity", a of the State (the "Borrower").

RECITALS

The federal Safe Drinking Water Act ("SDWA"), as amended, authorizes the Environmental Protection Agency ("EPA") to award grants to qualifying States to establish and capitalize State drinking water treatment revolving loan funds ("SRFs") for the purpose of providing loans and certain other forms of financial assistance (but not grants) to finance, among other things, the construction and improvement of publicly-owned and privately-owned water supply systems.

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

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

The Director of the Administration has determined that the making of a loan to the Borrower for the purpose of assisting the financing of the Project, on the terms and conditions hereinafter set forth, is necessary and desirable in the public interest, will promote the health, safety and welfare of the inhabitants of the State and the United States by assisting in ensuring that public drinking water remains safe, adequate and affordable, and will further the purposes of the SDWA and the Act.

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

“Borrower” means the local government, individual or entity that is identified in the first paragraph of this Agreement, and its successors and assigns.

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

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

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

"Department" means the Maryland Department of the Environment, and its successors.

"Director" means the Director of the Administration.

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

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

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

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

"Fund" means the Maryland Drinking Water Revolving Loan Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of Maryland.

"Trustee" means the trustee for the Bonds.

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

(a) words importing the singular number include the plural number and words importing the plural number include the singular number;

(b) words of the masculine gender include correlative words of the feminine and neuter genders;

(c) words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof;

(d) the terms "agree" and "agreement" shall include and mean "covenant", and all agreements contained in this Agreement are intended to constitute covenants and shall be enforceable as such;

(e) the headings and the Table of Contents set forth in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect; and

(f) any reference to a particular Article or Section shall be to such Article or Section of this Agreement unless the context shall otherwise require.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

(a) Corporate Organization and Authority. The Borrower:

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

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

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

(c) Pending Litigation. There are no proceedings pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before any Governmental

Authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower, or the ability of the Borrower to make all payments due hereunder and otherwise perform its obligations under this Agreement and the Note, and that have not been disclosed in writing to the Administration in the Application or otherwise.

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

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

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

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

(f) Governmental Consent; Project Consistency.

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

(ii) The Project is consistent with (A) the local plan of the Borrower as contemplated under Section 5-7A-02 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended; (B) the State Economic Growth,

Resource Protection, and Planning Policy established in Section 5-7A-01 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended; and (C) all applicable provisions of *Subtitle 7B, "Priority Funding Areas,"* of Title 5 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended.

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

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

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

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

(ii) fully executed counterparts of this Agreement and the Note.

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

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

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

Section 2.02. Particular Covenants of the Borrower.

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

(b) Sale or Disposition of Project. The Borrower reasonably expects that no portion of the Project will be sold prior to the final maturity date of the Loan. In the event that the Borrower shall sell or otherwise dispose of any portion of the Project prior to the final maturity date of the Loan, the Borrower shall apply the net proceeds thereof to the prepayment of the Loan or as the Administration shall otherwise direct unless the Borrower shall have obtained the prior written consent of the Administration to some other proposed application of such net proceeds.

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

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, the State primary drinking water regulations and with any requirements set forth in

the construction and other required permits. The Borrower shall satisfy all applicable Requirements for operation of the Project by the completion of the Project, and shall commence operation of the Project promptly upon its completion. No substantial changes may be made to the Plans and Specifications, the general construction contract or the Project Budget, or in the construction of the Project without the prior written approval of the Administration in its discretion. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Project in excess of the amount available to be loaned to the Borrower hereunder. Upon the completion of the Project, the Borrower shall deliver to the Administration a certificate of the Borrower certifying that the Project was completed as of the date set forth in such certificate.

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

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

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

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

(i) Compliance with Requirements. The Borrower acknowledges that the Loan and this Agreement are subject to, and the Borrower agrees to comply with, all Requirements applicable to the Project and the financing thereof, including (without limiting the generality of the

foregoing) the SDWA, the Act, and all other applicable State and federal statutes and such rules, regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within 150 days of the end of each Fiscal Year, 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.

(k) Additional Disclosure Information. The Borrower agrees to provide the Administration with such information regarding the Borrower and its finances as the Administration may from time to time request. The Borrower further acknowledges that the Administration may issue one or more series of Bonds pursuant to the Indenture, and that any or all of such Bonds may be secured in part by repayments of the Borrower with respect to the Loan. The Borrower accordingly agrees to provide to the Administration such information regarding the Borrower and its finances as the Administration may from time to time request for inclusion in the official statements or other offering documents to be distributed in connection with the sale of any such Bonds or any annual disclosure document or other informational document prepared from time to time by the Administration to be made available to prospective purchasers or holders of any of such Bonds. The Borrower shall also furnish to the Administration at its request a certificate of an Authorized Officer of the Borrower to the effect that any information so provided or included contains no material inaccuracy or omission in light of the purposes for which such information is provided or included. The Borrower agrees to notify the Administration promptly in writing of (a) any changes in the condition or affairs of the Borrower (financial or other) that would cause any information regarding the Borrower so provided or included in an official statement or any subsequent offering document, annual disclosure document or other informational document of the Administration that the Borrower has had an opportunity to review and certify as to its accuracy, to contain a material inaccuracy or omission in light of the purposes for which such information is so included, and (b) any event set forth in Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C), as such rule may be amended and supplemented.

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

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

Section 3.03. (a) Requisitions and Disbursements. Amounts shall be loaned from time to time to pay, or reimburse the Borrower for the payment of, Eligible Project Costs, upon receipt of requisitions of the Borrower. Each such requisition shall (i) state the names of the payees, (ii) describe in reasonable detail the purpose of each payment, (iii) state the amount of each payment (supported by appropriate paid invoices or other evidence satisfactory to the Administration that the amount requisitioned has been paid or has been incurred by the Borrower and is then due), (iv) state that the amount so requisitioned constitutes a part of the Eligible Project Costs and (v) state that no Default or Event of Default under this Agreement has occurred and is continuing; provided, that this section shall not apply to advances made or deemed to have been made as provided in Section 3.03(c) hereof. In no event shall the Administration be obligated to advance to the Borrower any amount so long as any Default or Event of Default under this Agreement shall have occurred and be continuing. The Administration shall not be required to advance monies on more than one day in each month, and the Administration shall not be required to advance monies for the Project sooner than, or in an amount greater than, the schedule of disbursements for the Project shown on the "Construction Cash Draw Schedule" included in Exhibit C attached hereto. The Administration may require the Borrower to submit requisitions in advance of each such disbursement date in such manner as shall be reasonably acceptable to the Administration.

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

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

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

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

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

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

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

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

(c) Interest During Construction. In the event that the Administration has consented to permit the Borrower to pay interest on the Loan from proceeds of the Loan during all or a portion of the period of time related to construction of the Project (as itemized in Exhibit C) ("Construction Period Interest"), the Administration shall on each February 1 and August 1 during such period advance to the Borrower an amount equal to the interest on the Loan due on such February 1 or August 1 and not theretofore paid by the Borrower. Any such amount of Construction Period Interest advanced by the Administration shall constitute part of the principal amount of the Loan hereunder immediately upon its advance to the Borrower in accordance with this paragraph. Notwithstanding the advance of any Construction Period Interest to the Borrower in accordance with this Section, the Borrower shall pay directly to the Administration the Administrative Fee on the dates and in the amounts set forth in Section 3.04(c), and no amounts shall be advanced under the Loan for the payment of the Administrative Fee.

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

the Borrower shall pay to the Administration an Administrative Fee in accordance with paragraph (c) of this Section.

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

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

(ii) In prescribing the Administrative Fee for a loan with a term of twenty years or more for purposes of paragraph (i) above, the Administration shall employ the following formula, it being understood that any determinations as to the application of such formula shall be within the discretion of the Administration and any Administrative Fee Payment prescribed by the Administration in accordance with the foregoing shall be conclusive and binding upon the Administration and the Borrower: the Administrative Fee equals (A) the aggregate amount of all scheduled payments of principal of and interest on the Note, multiplied by the Percentage Rate (defined in paragraph (iv) below) then in effect, (B) divided by the total number of scheduled Administrative Fee Payment Dates. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$5,000,000 and the Percentage Rate were 5%, and the total number of scheduled Administrative Fee Payment Dates were 21, the Administrative Fee to be paid each year would equal:

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

(iii) In prescribing the Administrative Fee for a loan with a term of less than twenty years for purposes of paragraph (i) above, the Administration shall employ the following formula, it being understood that any determinations as to the application of such formula shall be

within the discretion of the Administration and any Administrative Fee Payment prescribed by the Administration in accordance with the foregoing shall be conclusive and binding upon the Administration and the Borrower: The Administrative Fee equals (A) the aggregate amount of all scheduled payments of principal of and interest on the Note, multiplied by the Percentage Rate (defined in paragraph (iv) below) then in effect, (B) divided by 20. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$4,000,000 and the Percentage Rate were 5%, the Administrative Fee to be paid each year would equal:

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

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

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

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

(c) State Withholding. As further security for the payment of the Note and any other amounts due hereunder, the Borrower hereby pledges the following to the Administration and grants a security interest therein to the Administration: (i) as authorized by Section 9-1606(d) of the Act, the Borrower's share of any and all income tax revenues collected by the State from time to time that would otherwise be payable to the Borrower, and (ii) to the maximum extent permitted by law, any and all other tax revenues, grants, and other monies that the Borrower is or may from time to time be entitled to receive from the State or that may at any time be due from the State, or any department, agency, or instrumentality of the State, to the Borrower. The Borrower further agrees that, upon the occurrence of an Event of Default, among other things, the State Comptroller and the State Treasurer may (i) withhold any such amounts that the Borrower is then or may thereafter be

entitled to receive and (ii) at the direction of the Administration, apply the amounts so withheld to the payment of any amounts then due or thereafter becoming due hereunder (including, without limitation, payments under the Note) until the Borrower's obligations hereunder have been fully paid and discharged.

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

Section 3.07. Loan Commitment. The Borrower acknowledges and agrees that the monies attributable to the Borrower's Loan Commitment are the property of the Administration and are held by the Administration to provide for advances to be made to the Borrower in accordance with this Agreement or to be otherwise disposed of by the Administration in accordance with this Agreement.

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

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

(b) The Administration may, by a notice in writing delivered to the Borrower, reduce the amount of the Loan Commitment if the Administration should for any reason determine that it will be unable to fund the full amount of the Loan Commitment (including, without limitation, a determination that the Eligible Project Costs to be paid with proceeds of the Loan are expected to be less than the maximum amount of the Loan Commitment), or if it determines that the Borrower is not proceeding satisfactorily and expeditiously with the Project in accordance with schedules and

plans provided to the Administration, or if it determines that the Borrower is no longer able to make the certifications required under Section 3.03 in connection with the submission of requisitions. Such notice shall specify the reason for and the amount of the reduction.

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

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

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

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

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(SEAL)

WITNESS:

MARYLAND WATER QUALITY FINANCING
ADMINISTRATION

Jag Khuman
Director

(SEAL)

ATTEST:

BORROWER: _____

Name:
Title:

By: _____ (SEAL)
Name:
Title:

Approved for form and legal sufficiency

Approved for form and legal sufficiency

this ___ day of _____, 201__

this ___ day of _____, 201__

Local Attorney for
Borrower

Helen E. Akparanta
Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

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

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. Pursuant to the Safe Drinking Water Act and Section 9-1605.1(d)(8) of the Environment Article of the Annotated Code of Maryland, as amended, the Administration shall forgive repayment of the principal amount of the Loan and the interest payable thereon under Article III hereof and the Note so long as the Borrower performs all of its other obligations under the Loan Agreement. Upon determination by the Administration that any such other obligations under the Loan Agreement have not been performed by the Borrower, payment of the principal of the Loan and the interest thereon will be due and payable on demand. If the Administration has not demanded payment of the principal of and interest on the Note prior to _____, then the Administration shall be deemed to have forgiven repayment of the Loan evidenced by the Note and interest thereon, the Note shall be deemed cancelled and the Loan Agreement shall be terminated and of no further force and effect.
2. The last sentence of Section 3.03(c) "Interest During Construction" is deleted in its entirety.
3. The last sentence of Section 3.04(a) "Amounts Payable" is deleted in its entirety.

A - 1 of 2

EXHIBIT A
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

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

4. 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."
5. Section 3.04(c) "Administrative Fee" is deleted in its entirety.
6. Section 3.10 "Prepayments" is deleted in its entirety.
7. 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 financed by this loan, and shall include specific language regarding compliance in its contracts and subcontracts.

EXHIBIT B
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

DESCRIPTION OF THE LOAN

- (1) Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2
- (2) Maximum Principal Amount of Loan Commitment: \$500,000
- (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: April 2012
- (6) Default Rate: _____% (Based upon the May 2011 average of the Bond Buyer 11-Bond Index)
- (7) Description of Project: The proposed project entails the installation of new water meters throughout the Town of La Plata water system. The Town plans to acquire and install new water meters in order to accurately track water losses, minimize leakage and promote water conservation.

EXHIBIT C
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

<u>Description</u>	<u>Allocated Amount of Loan*</u>
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies	
Subtotal Loan:	\$ <u>500,000</u>

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

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

Total Reimbursement at Closing: \$ 0.00
Total Loan: \$ 500,000

EXHIBIT C
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

PROJECT BUDGET (continued)

C. Construction Cash Draw Schedule*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 11 Q4 (Jul 11 – Sep 11)	\$175,000
FFY 12 Q1 (Oct 11 – Dec 11)	\$150,000
FFY 12 Q2 (Jan 12 – Mar 12)	\$100,000
FFY 12 Q3 (Apr 12 – Jun 12)	\$ 75,000
Total Disbursements:	<u>\$500,000</u>

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

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

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Loan Agreement dated as of _____, 2011 (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 2011, dated _____, 2011 (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

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 _____, 201_.

(SEAL)

ATTEST:

[NAME OF BORROWER]

[AUTHORIZED OFFICER]

By: _____
[AUTHORIZED OFFICER]

PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION 9-1605.1(d)(8) OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE LOAN AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE LOAN AGREEMENT AND THIS BOND, SO LONG AS THE BORROWER PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE BORROWER, PAYMENT OF THE PRINCIPAL OF THE LOAN AND THE INTEREST THEREON WILL BE DUE AND PAYABLE ON DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND PRIOR TO _____, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THIS BOND AND INTEREST THEREON, THIS BOND SHALL BE DEEMED CANCELLED AND THE LOAN EVIDENCED BY THIS BOND AND THE LOAN AGREEMENT SHALL BE TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

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

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

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

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

\$(MAX. AMT.)

R-1

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 201_
Dated _____, 201_

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

REGISTERED OWNER: Maryland Water Quality Financing Administration

_____, a [body politic and corporate] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower"), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$_____ (the "Maximum Principal Amount") or so much thereof as shall have been advanced from time to time under the terms of the Loan Agreement dated as of _____, 201_ (the "Loan Agreement") by and between the Borrower and the Maryland Water Quality Financing Administration (the "Administration"), plus interest on the unpaid principal advanced under the terms of the Loan Agreement as provided for herein.

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

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

EXHIBIT E
to Loan Agreement

Borrower Name: Town of La Plata
Address: 305 Queen Anne Street
La Plata MD 20646
Attention: The Honorable Mayor Roy Hale
Project Name: La Plata Flexnet Fixed Base Water Meter System Loan 2

DESCRIPTION OF DEDICATED REVENUES

-----Water and Sewer user charges, including any and all fees for use of the public
water and sewer 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.

Agreement from ad valorem taxes, unlimited as to rate and amount, which the Borrower is empowered to levy on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation by the Borrower.

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

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

(f) Neither the execution and delivery of the Loan Documents, the consummation of the transactions contemplated thereby, the acquisition and construction of the Project nor the fulfillment of or compliance with the terms and conditions of the Loan Documents conflicts with or results in a breach of or default under any of the terms, conditions or provisions of the charter or laws governing the Borrower (including any limit on indebtedness) or, to the best of our knowledge, 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,