

INTRODUCED _____
PUBLIC HEARING _____
COUNCIL ACTION _____
EXECUTIVE ACTION _____
EFFECTIVE DATE _____

**County Council Of
Howard County, Maryland**

2026 Legislative Session

Legislative Day No. 11

Bill No. 49-2026

Introduced by: The Chairperson at the request of the County Executive

Short Title: Issuance, sale and delivery - \$670,397 bonds - Maryland Water Infrastructure Financing Administration

Title: AN ORDINANCE authorizing the issuance, sale and delivery of up to \$670,397 bonds, pursuant to a bond enabling law; providing that such bonds shall be general obligations of the County; authorizing the County Executive to specify, prescribe, determine, provide for or approve the final principal amounts, maturity schedules, interest rates and redemption provisions for such bonds, and other matters, details, forms, documents or procedures and to determine the method of sale of such bonds; providing for the disbursement of the proceeds of such bonds and for the levying of taxes to pay debt service on such bonds; and providing for and determining various matters in connection therewith.

Introduced and read first time _____, 2026. Ordered posted and hearing scheduled.

By order _____
Michelle Harrod, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2026 and concluded on _____, 2026.

By order _____
Michelle Harrod, Administrator

This Bill was read the third time on _____, 2026 and Passed, Passed with amendments, _____ Failed _____.

By order _____
Michelle Harrod, Administrator

Approved by the County Executive _____, 2026

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike out indicates material deleted by amendment; Underlining indicates material added by amendment.

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Howard County, Maryland (the “County”) is authorized pursuant to Council Bill 36-2026 and Council Bill 37-2026 (together, the “Bond Enabling Law”) (a) to borrow on its full faith and credit and issue and sell its bonds, at one time or from time to time, for the purposes of financing, reimbursing or refinancing costs incurred in connection with undertaking a project to improve the County’s Lead and Copper Rule Compliance Program (W8604) (also known as LCRR Compliance Program – LSL Inventory – Howard County, the “Project”) and, in connection with such undertaking, to acquire or pay for, as applicable, necessary property rights and equipment, related site and utility improvements, and related architectural, engineering, planning, design, bidding, permitting, demolition, removal, acquisition, construction, improvement, installation, modification, renovation, reconstruction, rehabilitation, replacement, equipping, inspection, and construction management expenses, costs of related activities, improvements and appurtenances, related financial, administrative and legal expenses, costs of other related activities, together with costs of issuance of any borrowing therefor, and to the extent permitted by the Maryland Water Infrastructure Financing Administration (the “Administration”), interest during construction and for a reasonable period thereafter (collectively, “Costs of the Project”) in the amounts set forth in the Bond Enabling Law; (b) to enact an ordinance in accordance with Article VI of the Charter of the County (the “Charter”) and other applicable provisions of law providing for the issuance and sale of such bonds; and (c) to levy annually ad valorem taxes upon the assessable property within the geographic boundaries of the County sufficient, together with funds available from other sources, to provide for the payment of the principal of and interest on such bonds until all such bonds shall be redeemed or paid.

1 The County is authorized and empowered by Sections 10-203, of the Local
2 Government Article of the Annotated Code of Maryland, as replaced, supplemented or
3 amended (the “Enabling Act”), Sections 9-1601 to 9-1622, inclusive, of the Environment
4 Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the
5 “MWIFA Act”), and the Charter, to borrow money for any proper public purpose and to
6 evidence such borrowing by the issuance and sale of its general obligation bonds.

7 Title XIV of the Public Health Service Act, as amended (the “Safe Drinking Water
8 Act”), authorizes the United States Environmental Protection Agency to award grants to
9 qualifying states to establish and capitalize State Revolving Funds (“SRFs”) for the
10 purpose of providing loans and certain other forms of financial assistance to finance,
11 among other things, the construction and improvement of publicly-owned and privately-
12 owned water supply systems, including any structure, channel or appurtenance used to
13 prepare water for use or to deliver water to a consumer.

14 As contemplated by the Safe Drinking Water Act, the General Assembly of
15 Maryland enacted MWIFA Act, establishing the Maryland Water Quality Financing
16 Administration (the “Administration”) and establishing an SRF designated as the Maryland
17 Drinking Water Revolving Loan Fund (the “Fund”) to be maintained and administered by
18 the Administration. The MWIFA Act authorizes the Administration, among other things,
19 to make a loan from the Fund to a “local government” (as defined in the MWIFA Act) for
20 the purpose of financing all or a portion of the cost of a “water supply system” (as defined
21 in the MWIFA Act). The County is a “local government” within the meaning of the
22 MWIFA Act and the Project constitutes a “water supply system” within the meaning of the
23 MWIFA Act.

1 The County Council has determined that it is in the best interest of the County to
2 issue and sell to the Administration at this time a series of general obligation bonds, in
3 order to finance or reimburse Costs of the Project in accordance with, and pursuant to, the
4 authority contained in the Bond Enabling Law, the Enabling Act, the MWIFA Act, and the
5 Charter, and upon the terms and conditions set forth in this Ordinance, the proceeds of
6 which general obligation bonds are to be used and applied as herein set forth.

7 The Administration requires that its borrowers identify dedicated sources of
8 revenue within the meaning provided for in each loan agreement that a borrower enters
9 into with the Administration. The County pledges its full faith and credit and unlimited
10 taxing power to payment of the Bonds identified in this Ordinance.

11 **Now, therefore, be it enacted by the County Council of Howard County,**
12 **Maryland:**

13 **Section 1.** All terms used herein which are defined in the Recitals hereof shall
14 have the meanings given such terms therein.

15 **Section 2.** (a) Pursuant to the authority of the Enabling Act, the MWIFA Act,
16 and the Charter, the County hereby determines to issue and sell, upon its full faith and credit,
17 a separate series of general obligation bonds in the original principal amount not to exceed
18 \$167,599 and shall be designated as “Howard County, Maryland General Obligation Bond
19 (MWIFA Drinking Water Project), Series 2026A” or by such additional or different
20 designation as may be required by the Administration (the “Series 2026A Bond”) and a
21 separate series of general obligation bonds in the original principal amount not to exceed
22 \$502,798 and shall be designated as “Howard County, Maryland General Obligation Bond
23 (MWIFA Drinking Water Project), Series 2026B” or by such additional or different

1 designation as may be required by the Administration (the “Series 2026B Bond” and together
2 with the Series 2026A Bond, the “Bonds”) for the public purpose of financing or reimbursing
3 Costs of the Project. Payment of the Series 2026B Bond shall be subject to forgiveness by
4 the Administration in accordance with the provisions of Section 4 hereof and the terms of the
5 Series 2026B Bond. The County Executive is hereby authorized and directed to determine
6 and approve the final original principal amount of the Bonds, provided that the final original
7 principal amount of the Series 2026A Bond and the final principal amount of the Series 2026B
8 Bond shall not exceed the principal amount detailed in this Section 2(a), such determination
9 and approval to be evidenced conclusively by the County Executive’s execution and delivery
10 of the Bonds reflecting such finally determined principal amounts.

11 (b) Proceeds of the Bonds shall be applied to Costs of the Project only as permitted
12 by the Administration. The Bonds evidence a loan from the Administration that has been
13 given a project name of “LCRR Compliance Program – LSL Inventory – Howard County”
14 by the Administration.

15 (c) The outstanding general obligation indebtedness of the County on June 30,
16 2026 (exclusive of indebtedness issued or guaranteed by the County that is payable
17 primarily or exclusively from taxes levied in or on, or other revenues of, special taxing
18 areas or districts heretofore established by law and indebtedness issued for self- liquidating
19 and other projects payable primarily or exclusively from the proceeds of the assessments
20 or charges for special benefits or services) is approximately \$1,228,649,397 (adjusted to
21 reflect (A) the issuance of the County’s Consolidated Public Improvement Project Bonds,
22 2026 Series A (Tax-Exempt), Consolidated Public Improvement Refunding Bonds, 2026
23 Series C (Tax-Exempt) and Consolidated Public Improvement Project Bonds, 2026 Series

1 D (Taxable), (B) the refunding of the County’s Consolidated Public Improvement Project
2 and Refunding Bonds, 2016 Series A (Tax-Exempt Bonds), (C) the issuance of the
3 \$18,169,588 aggregate principal amount of the County’s Series 2026 Bonds for loans from
4 the Administration for the project given the name of “Extended North Tunnel GMP 1 – Loan
5 2” by the Administration and (D) the issuance of the \$670,397 aggregate principal amount
6 of Bonds authorized hereby). The full cash value assessable base of the County on June
7 30, 2025 was \$67,707,385,173. As of the date of enactment of this Ordinance, the issuance
8 of the aggregate principal amount of Bonds authorized by this Ordinance is within every
9 debt and other limitation prescribed by the Constitution and Laws of the State of Maryland
10 and the Charter.

11 (d) The probable remaining average useful life of the Project is more than 25
12 years, and all of the Bonds shall be payable within such probable average useful life.

13 **Section 3.** (a) The Series 2026A Bond shall be issued and sold upon the full
14 faith and credit of the County, shall be dated the date of its delivery, shall be numbered RA-
15 1, and shall be issued in the form of single, fully registered installment bond, without coupons
16 attached.

17 (b) Subject to the provisions of subsections (d) and (e) below and the further
18 provisions of this subsection (b), the principal amount of the Series 2026A Bond advanced
19 under the 2026A Loan Agreement (as defined in Section 9(b) hereof) shall be paid in twenty-
20 nine annual (29) installments on the dates and in the amounts as set forth in the 2026A Loan
21 Agreement, currently anticipated to begin on [February 1, 2027] and to be calculated based
22 on level debt service, which may be revised in accordance with the provisions of the Series
23 2026A Bond and the 2026A Loan Agreement. The County Executive is hereby authorized

1 and empowered to approve a final amortization schedule for the Series 2026A Bond prior to
2 the delivery thereof that is approved by the Administration, such approval to be evidenced
3 conclusively by the County Executive's execution and delivery of the Series 2026A Bond
4 containing such amortization schedule in accordance with the provisions of this Ordinance.

5 (c) The Series 2026A Bond, or so much of the principal amount thereof as shall
6 have been advanced from time to time under the terms of the 2026A Loan Agreement, shall
7 bear interest from its dated date at an annual rate of interest equal to 50% of the average of
8 the Bond Buyer 11-Bond Index for the month prior to the month in which the Series 2026A
9 Bond is delivered, provided that, the rate determined by such calculation may be rounded
10 down by the Administration in its sole discretion. Interest due on the unpaid principal
11 amounts advanced under the 2026A Loan Agreement shall accrue on the basis of a 30-day
12 month, 360-day year from the dates of the respective advances of such principal amounts,
13 and, subject to the provisions of subsection (d) below, shall be paid on [February 1, 2027],
14 and semiannually thereafter on the 1st day of August and February in each year until the
15 principal amount of the Series 2026A Bond has been paid.

16 (d) The County Executive is hereby authorized and directed to adjust and change
17 the principal payment dates and determine the principal installment amounts (including,
18 without limitation, by providing for a first minimum principal payment on a date specified by
19 the Administration and/or by otherwise adjusting the dates on which principal and/or interest
20 will commence and will otherwise be due) and to approve the amortization schedule prepared
21 by the Administration on a roughly level debt service basis, all as required by the
22 Administration in order to meet the requirements of Section 9-1605(d)(1) of the MWIFA Act
23 or to meet other requirements of the Administration, provided that the final original principal

1 amount of the Series 2026A Bond does not exceed \$167,599, such approval and adjustment
2 to be evidenced conclusively by the County Executive's execution and delivery of the Series
3 2026A Bond containing such revised amortization schedule in accordance with the provisions
4 of this Ordinance.

5 (e) If the Administration determines at any time following delivery of the Series
6 2026A Bond to reduce the maximum amount of the Loan Commitment (as defined in the
7 2026A Loan Agreement) relating to the Series 2026A Bond in accordance with Section 3.08
8 of the 2026A Loan Agreement, the Maximum Principal Amount (as defined in the Series
9 2026A Bond) of the Series 2026A Bond shall be reduced accordingly and such Maximum
10 Principal Amount as so reduced shall be amortized as provided in the 2026A Loan
11 Agreement. In such event, as determined by the Administration, the County may execute and
12 deliver (in the manner provided for herein for the original delivery of the Series 2026A Bond)
13 a new Series 2026A Bond evidencing such reduction in the Loan Commitment relating to the
14 Series 2026A Bond and/or the County Executive may execute and deliver any certificates,
15 documents or instruments as the Administration may require pursuant to Section 3.08 of the
16 2026A Loan Agreement.

17 (f) The County shall pay (i) a late charge for any payment of principal of or
18 interest on the Series 2026A Bond that is received later than the tenth (10th) day following its
19 due date, in an amount equal to 5% of such payment, and (ii) interest on overdue installments
20 of principal and (to the extent permitted by law) interest at the Default Rate provided for in
21 the 2026A Loan Agreement, which Default Rate shall be equal to 100% of the average of the
22 weekly Bond Buyer 11-Bond Index for the calendar month prior to the month in which the
23 Series 2026A Bond is delivered, provided that the rate determined by such calculation may

1 be rounded down by the Administration in its sole discretion. Amounts payable pursuant to
2 this subsection (f) shall be immediately due and payable to the Administration and interest at
3 the Default Rate shall continue to accrue on overdue installments of principal and (to the
4 extent permitted by law) interest until such amounts are paid in full.

5 (g) Both the principal of and any interest on the Series 2026A Bonds will be paid
6 to the registered owners thereof in lawful money of the United States of America, at the time
7 of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by
8 depositing such check or draft, correctly addressed and postage prepaid, in the United States
9 mail before the payment date) to the registered owners at such addresses as the registered
10 owners may designate from time to time by notice in writing delivered to the Director of
11 Finance of the County (the "Director of Finance").

12 **Section 4.** (a) The Series 2026B Bond shall be issued and sold upon the full
13 faith and credit of the County, shall be dated the date of its delivery, shall be numbered RB-
14 1, and shall be issued in the form of single, fully registered installment bond, without coupons
15 attached.

16 (b) The principal of the Series 2026B Bond advanced under the Series 2026B
17 Loan Agreement (as defined in Section 9(b) hereof) shall be payable upon demand by the
18 Administration in accordance with the Series 2026B Loan Agreement, together with interest
19 at an annual rate equal to 100% of the average of the Bond Buyer 11-Bond Index for the
20 calendar month prior to the month in which the Series 2026B Bond is delivered (provided that
21 the rate determined by such calculation may be rounded down by the Administration in its
22 sole discretion), accruing from the date on which such demand is made by the Administration,
23 which demand may be made at any time prior to that date which is the ten (10) year

1 anniversary of the date of delivery of the Series 2026B Bond. Prior to any such date of
2 demand, the Series 2026B Bond shall bear interest at the rate of zero percent (0.00%) per
3 annum.

4 (c) The County shall pay a late charge for any payment of principal of or interest
5 on the Series 2026B Bond that is received later than the thirtieth (30th) day following the date
6 of demand for payment of the Series 2026B Bond, in an amount equal to 5% of such payment.

7 (d) If the Administration determines at any time following delivery of the Series
8 2026B Bond to reduce the maximum amount of the Loan Commitment (as defined in the
9 2026B Loan Agreement) relating to the Series 2026B Bond in accordance with Section 3.08
10 of the 2026B Loan Agreement, the Maximum Principal Amount (as defined in the Series
11 2026B Bond) of the Series 2026B Bond shall be reduced accordingly and such Maximum
12 Principal Amount as so reduced shall be amortized as provided in the 2026B Loan Agreement.
13 In such event, as determined by the Administration, the County may execute and deliver (in
14 the manner provided for herein for the original delivery of the Series 2026B Bond) a new
15 Series 2026B Bond evidencing such reduction in the Loan Commitment relating to the Series
16 2026B Bond and/or the County Executive may execute and deliver any certificates,
17 documents or instruments as the Administration may require pursuant to Section 3.08 of the
18 2026B Loan Agreement.

19 (e) PURSUANT TO THE SAFE DRINKING WATER ACT AND SECTION
20 9-1605(d)(14) OF THE MWIFA ACT, THE ADMINISTRATION SHALL FORGIVE
21 REPAYMENT OF A PORTION OF THE PRINCIPAL AMOUNT OF THE LOAN (AS
22 DEFINED IN THE 2026B LOAN AGREEMENT) UNDER ARTICLE III OF THE 2026B
23 LOAN AGREEMENT AND THE SERIES 2026B BOND SO LONG AS THE COUNTY

1 PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE 2026B LOAN
2 AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY
3 SUCH OTHER OBLIGATIONS UNDER THE SERIES 2026B LOAN AGREEMENT
4 HAVE NOT BEEN PERFORMED BY THE COUNTY, PAYMENT OF THE PRINCIPAL
5 OF THE LOAN EVIDENCED BY THE SERIES 2026B BOND AND THE INTEREST
6 THEREON FROM THE DATE OF DEMAND AT THE RATE DETERMINED IN
7 ACCORDANCE WITH SUBSECTION (b) ABOVE WILL BE DUE AND PAYABLE
8 UPON DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF
9 THE PRINCIPAL OF AND INTEREST ON THE SERIES 2026B BOND BY THAT DATE
10 WHICH IS THE TEN (10) YEAR ANNIVERSARY OF THE DATE OF DELIVERY OF
11 THE SERIES 2026B BOND, THEN THE ADMINISTRATION SHALL BE DEEMED TO
12 HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THE SERIES
13 2026B BOND, THE SERIES 2026B BOND SHALL BE DEEMED CANCELLED AND
14 THE LOAN EVIDENCED BY THE SERIES 2026B BOND AND THE SERIES 2026B
15 LOAN AGREEMENT SHALL BE DEEMED TERMINATED AND OF NO FURTHER
16 FORCE AND EFFECT.

17 (f) Both the principal of and any interest on the Series 2026B Bonds will be paid
18 to the registered owners thereof in lawful money of the United States of America, at the time
19 of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by
20 depositing such check or draft, correctly addressed and postage prepaid, in the United States
21 mail before the payment date) to the registered owners at such addresses as the registered
22 owners may designate from time to time by notice in writing delivered to the Director of
23 Finance.

1 **Section 5.** The Series 2026A Bond shall be subject to mandatory prepayment, in
2 whole or in part, as, when and to the extent required by the United States Environmental
3 Protection Agency's (and its successors) State Revolving Fund Program Regulations.
4 Otherwise, the Series 2026A Bond may be prepaid by the County, in whole or in part, only at
5 such times and in such amounts, and upon payment by the County of such prepayment
6 premium or penalty, as the Director of the Administration, in his or her discretion, may specify
7 and approve.

8 **Section 6.** (a) For the purpose of paying the principal of and interest on the
9 Bonds when due and payable, there is hereby levied and there shall hereafter be levied in
10 each fiscal year that any of the Bonds are outstanding, ad valorem taxes on real and tangible
11 personal property and intangible property subject to taxation by the County without
12 limitation of rate or amount and, in addition, upon such other intangible property as may
13 be subject to taxation by the County within limitations prescribed by law, in an amount
14 sufficient, together with funds available from other sources, to pay such principal and
15 interest and the full faith and credit and the unlimited taxing power of the County are hereby
16 irrevocably pledged to the punctual payment of the principal of and interest on the Bonds
17 as and when the same respectively become due.

18 (b) As authorized by Section 9-1606(d) of the MWIFA Act, the County hereby
19 pledges any moneys that the County is entitled to receive from the State of Maryland,
20 including the County's share of the income tax revenues collected by the State, to secure
21 its obligations under the Loan Agreements, subject to any limitations on such pledge
22 provided for in the Loan Agreements in accordance with this Section. Such pledge shall
23 be evidenced by and detailed in the Loan Agreements.

Section 7. The Series 2026A Bond shall be transferable only after the first principal payment date as set forth in such Series 2026A Bond or the date upon which the Maximum Principal Amount of the Series 2026A Bond has been borrowed, whichever is earlier and the Series 2026B Bond shall be transferable only after the date upon which the Maximum Principal Amount of the Series 2026B Bond has been borrowed. Each Bond shall be transferable upon the books of the County at the office of the Director of Finance, by the registered owner in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Director of Finance, duly executed by such registered owner or his duly authorized attorney. The County shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds of the same series as the bond surrendered, in such denominations as the County shall by resolution or executive order approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered, and with the same maturity date, installment payment dates, interest rate and forgiveness provisions, as applicable. If more than one bond is issued upon any such transfer of the Series 2026A Bond, the installment of principal and interest to be paid on each such bond on each payment date shall be equal to the product of the following formula: the total installment due on each payment date multiplied by a fraction, the numerator of which shall be the principal amount of such bond and the denominator of which shall be the aggregate principal amount of the bonds representing the Series 2026A Bond then outstanding and unpaid. The new bond or bonds shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer. The County may deem and treat the party in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account

1 of the principal thereof and interest due thereon and for all other purposes. References in this
2 Ordinance to a Bond shall be deemed to refer to any bond or bonds transferred for such Bond
3 in accordance with the provisions of this Section 7, and references in this Ordinance to the
4 registered owner of a Bond shall be deemed to refer to any or all of the registered owners of
5 bonds of such series contemplated by this Section 7, as applicable. Any such new bond
6 issued in transfer or exchange may be executed and sealed as provided in Section 11 hereof
7 with respect to the original execution and delivery of the Bonds, or as otherwise required
8 by then-applicable law, and appropriate changes made by made to the form of the bond
9 delivered in transfer or exchange to account for the dated date of such new bond or bonds
10 and, to the extent applicable, the then-outstanding principal amount of the applicable Bond.

11 **Section 8.** Unless the County Executive provides otherwise by an executive order
12 adopted prior to delivery of the Bonds, (i) the Series 2026A Bond shall be issued in
13 substantially the form of Exhibit F to the substantially final form of the 2026A Loan
14 Agreement that is attached hereto as Exhibit A and (i) the Series 2026B Bond shall be issued
15 in substantially the form of Exhibit F to the substantially final form of the 2026B Loan
16 Agreement that is attached hereto as Exhibit B. Appropriate variations and insertions may be
17 made by the County Executive to provide dates, numbers and amounts, including, without
18 limitation, to reflect matters determined in accordance with Sections 2, 3 and 4 hereof, and
19 other modifications not altering the substance of such forms may be made by the County
20 Executive. All of the covenants contained in the form of Bonds set forth as Exhibit F to the
21 respective form of the substantially final form of the Loan Agreements attached hereto as
22 Exhibit A and Exhibit B, respectively, as the Bonds may be finally completed as provided in
23 this Section 8, are hereby adopted by the County as and for the forms of obligations to be

1 incurred by the County, and the covenants and conditions are hereby made binding upon the
2 County, including the promise to pay therein contained

3 **Section 9.** (a) As authorized by the MWIFA Act, the Bond Enabling Law,
4 and the Charter, the County hereby determines to sell the Bonds to the Administration by
5 private sale, without public bidding, which sale by private sale is hereby deemed by the
6 County to be in its best interest and in the interest of its citizens due, in part, to the benefit of
7 the structures of the Bonds as draw-down obligations, the low interest rate for the Bonds and
8 the potential forgiveness of the Series 2026B Bond. Therefore, and pursuant to the authority
9 of the MWIFA Act, the Bond Enabling Law, and the Charter, the Bonds shall be sold to the
10 Administration by private sale, without public bidding, for a price of the par amount of such
11 Bond or so much of the par amount of such Bond as is advanced to the County (such purchase
12 price to be advanced in accordance with the Loan Agreements, as defined in subsection (b)
13 below). Each Bond is referred to in the applicable Loan Agreement as the “Note.”

14 (b) The Series 2026A Bond shall be sold to the Administration and the purchase
15 price of the Series 2026A Bond shall be advanced to the County in accordance with the Loan
16 Agreement relating to the Series 2026A Bond (the “2026A Loan Agreement”), the
17 substantially final form of which is attached hereto as Exhibit A. The Series 2026B Bond
18 shall be sold to the Administration and the purchase price of the Series 2026B Bond shall be
19 advanced to the County in accordance with the Loan Agreement relating to the Series 2026B
20 Bond (the “2026B Loan Agreement”), the substantially final form of which is attached hereto
21 as Exhibit B. The Series 2026A Loan Agreement and the Series 2026B Loan Agreement are
22 referred to herein collectively as the “Loan Agreements” and individually as a “Loan
23 Agreement.”

1 (c) The substantially final form of the Loan Agreements attached hereto as
2 Exhibit A and Exhibit B reflect the expectation, as of the date of this Ordinance, that the final
3 original principal amount of the Series 2026A Bond will be \$167,599, that the final original
4 principal amount of the Series 2026B Bond will be \$502,798. The County Executive is hereby
5 authorized and directed to complete, execute and deliver the Loan Agreements for and in the
6 name of the County with such changes, insertions and deletions as shall be approved by the
7 County Executive, including, without limitation, to reflect matters determined in accordance
8 with the provisions of this Ordinance, including, without limitation, Sections 2, 3, 4 and 9
9 hereof, to comply with program requirements of the Administration, to account for a different
10 estimated date of completion of the Project or delivery of the Bonds, to complete the exhibits
11 to the substantially final form of the Loan Agreements attached hereto as Exhibits A and B,
12 or as are determined by the County Executive not to be materially adverse to the interests of
13 the County. The County Executive's approval of any such changes, insertions or deletions
14 shall be evidenced conclusively by the County Executive's execution and delivery of the Loan
15 Agreements in final form.

16 (d) Notwithstanding anything to the contrary contained in this Ordinance,
17 advances under the Loan Agreements or the Bonds, payment or prepayment of the principal
18 of and any interest on the Bonds, and transfers or exchanges of the Bonds shall be made in
19 accordance with the respective Loan Agreement. The County agrees to abide by and perform
20 the covenants and agreements set forth in the Loan Agreements as executed and delivered in
21 accordance with this Section 9 as though such covenants and agreements were set forth in full
22 in this Ordinance.

1 (e) The County is authorized and directed to pay any fees or costs provided for in
2 the Loan Agreements which are not payable from Bond proceeds, including, without
3 limitation, any administrative fees and ongoing fees and expenses, and acknowledges that its
4 obligation to pay such amounts shall be absolute and unconditional to the extent provided in
5 the Loan Agreements.

6 (f) The County acknowledges that the provisions of Article IV of each Loan
7 Agreement (Events of Default and Remedies) allow for, among other remedies, all payments
8 on the applicable Bond to be declared immediately due and payable upon the occurrence of
9 an Event of Default provided for in such Loan Agreement.

10 (g) Notwithstanding any provisions of this Ordinance, in the event of a
11 discrepancy between the provisions of a Loan Agreement, the Series 2026A Bond or the
12 Series 2026B Bond and this Ordinance, the provisions of the Loan Agreement, the Series
13 2026A Bond or the Series 2026B Bond, as applicable, shall control.

14 **Section 10.** (a) As soon as may be practicable after the adoption of this Ordinance,
15 the Bonds shall be suitably prepared in definitive form, executed and delivered to the
16 Administration on date or dates mutually acceptable to the Administration and the County
17 Executive. The County Executive and all other appropriate officials and employees of the
18 County are expressly authorized, empowered and directed (i) to take any and all action
19 necessary to complete and close the sale and delivery of the Bonds to the Administration, (ii)
20 subject to any limitations provided for in this Ordinance, to negotiate, approve, execute and
21 deliver all documents, certificates and instruments necessary or appropriate in connection
22 therewith, and (iii) to carry out the transactions contemplated by this Ordinance and any
23 documents, certificates or instruments executed and delivered in connection with the issuance

1 of the Bonds, including, without limitation, the Loan Agreements, to the extent such actions
2 are within the spheres of their respective responsibilities.

3 (b) Each of the County Executive and the Director of Finance is hereby
4 expressly authorized, empowered and directed to take any actions necessary under the Loan
5 Agreements or the Bonds in order to requisition advances on behalf of the County. Each of
6 the County Executive and the Director of Finance is hereby expressly designated as an
7 “Authorized Officer” for purposes of the Loan Agreements and may take any action, make
8 any determination or grant or withhold any approvals, consents or directions that are delegated
9 to an Authorized Officer under the provisions of the Loan Agreements.

10 **Section 11.** Except as otherwise provided in an Executive Order, the Bonds shall
11 be signed by the County Executive and by the Director of Finance by manual or facsimile
12 signature, and the Bonds shall bear the corporate seal of the County, or a facsimile thereof,
13 attested by the manual or facsimile signature of the Chief Administrative Officer of the
14 County (the “Chief Administrative Officer”). In the event that any officer whose signature
15 shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds,
16 such signature shall nevertheless be valid and sufficient for all purposes, the same as if
17 such officer had remained in office until delivery.

18 **Section 12.** (a) Except as otherwise provided in this Ordinance or in an
19 Executive Order, the Director of Finance is hereby designated and appointed as bond
20 registrar and paying agent for the Bonds and shall maintain books of the County for the
21 registration and transfer of the Bonds. The Director of Finance, either prior to or following
22 the issuance of the Bonds, may designate and appoint the Department of Finance of the
23 County, any officer or employee of the County or one or more banks, trust companies,

1 corporations or other financial institutions, or disclosure firm to act as bond registrar,
2 paying agent, authenticating agent, or disclosure agent.

3 (b) Each advance of the proceeds of the Bonds shall be paid directly to the County
4 and shall be deposited by the Director of Finance or other appropriate County official in the
5 proper municipal accounts, or shall be paid at the direction of the Authorized Officer, or shall
6 be paid as otherwise required by the Administration. Advances under the Bonds shall be used
7 and applied by the County exclusively and solely for the public purposes described in Section
8 2 hereof, unless this Ordinance is amended or supplemented to provide for some other use
9 within the limitations of applicable law and with the consent of the Administration. Nothing
10 in this Ordinance shall be construed to authorize the expenditure of any moneys except for a
11 proper public purpose. The proceeds of the Bonds are hereby appropriated for the purposes
12 set forth in this Ordinance.

13 **Section 13.** Bonds issued under this Ordinance are hereby specifically exempted
14 from the provisions of Sections 19-205 and 19-206 of the Local Government Article of the
15 Annotated Code of Maryland (2013 Replacement Volume and 2025 Supplement).

16 **Section 14.** Notwithstanding anything to the contrary contained in this Ordinance,
17 the County shall use and apply proceeds of the Bonds only as permitted by the applicable
18 Loan Agreement, the Safe Drinking Water Act and the MWIFA Act.

19 **Section 15.** In accordance with the provisions of Section 402(a) of the Charter,
20 the County Executive is hereby authorized to delegate to the Chief Administrative Officer
21 the power and authority to take any and all actions required or permitted to be taken by the
22 County Executive pursuant to this Ordinance.

1 **Section 16.** If any one or more of the provisions of this Ordinance, including any
2 covenants or agreements provided herein on the part of the County to be performed, should
3 be contrary to law, then such provision or provisions shall be null and void and shall in no
4 way affect the validity of the other provisions of this Ordinance or of the Bonds.

5 **Section 17.** This Ordinance shall take effect on the date of its enactment.

EXHIBIT A

**SUBSTANTIALLY FINAL FORM OF THE LOAN AGREEMENT
RELATING TO THE SERIES 2026A BOND**

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER INFRASTRUCTURE
FINANCING ADMINISTRATION

and

Dated as of "Insert Month and Day", 2026

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made this "Insert Day" day of "Insert Month", 2026, between the Maryland Water Infrastructure 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 "Insert Entity Type" 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 Infrastructure 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 Infrastructure 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 Infrastructure Financing Administration, a unit of the Department of the Environment of the State, and its successors and assigns.

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

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

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

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

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

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

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

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

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

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

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

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

“Director” means the Director of the Administration.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of Maryland.

“Trustee” means the trustee for the Bonds.

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

- (a) Corporate Organization and Authority. The Borrower:
 - (i) is a “local government” as defined in the Act; and
 - (ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the Project, to enter into this Agreement, to execute and deliver the Note, and to carry out and consummate all transactions contemplated by this Agreement.
- (b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Administration in writing that materially adversely affects or (so far as the Borrower can now

foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower or the ability of the Borrower to make all payments due hereunder and otherwise perform its obligations under this Agreement and the Note.

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

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

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

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

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

(f) Governmental Consent; Project Consistency.

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

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

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

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

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

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

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

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

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

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

Section 2.02. Particular Covenants of the Borrower.

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

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

(c) Inspections; Information. The Borrower shall permit the Administration or its designee to examine, visit and inspect, at any and all reasonable times (including, without limitation, any time during which the Project is under construction or in operation), the property constituting the Project, to attend all construction progress meetings relating to the Project and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating to the Project and the financing thereof, and shall supply such reports and information as the Administration may reasonably require in connection therewith. Without limiting the generality of the foregoing, the Borrower shall keep and maintain any books, records, and other documents

that may be required under applicable federal and State statutes, regulations, guidelines, rules and procedures now or hereafter applicable to loans made by the Administration from the Fund, and as may be reasonably necessary to reflect and disclose fully the amount and disposition of the Loan, the total cost of the activities paid for, in whole or in part, with the proceeds of the Loan, and the amount and nature of all investments related to such activities which are supplied or to be supplied by other sources. All such books, records and other documents shall be maintained at the offices of the Borrower, as specified on Exhibit B attached hereto, for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Administration. All such books, records and other documents shall be maintained until the completion of an audit of the Project by the EPA or notification from the State or the EPA that no audit is required.

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, the State primary drinking water regulations and with any requirements set forth in the construction and other required permits. The Borrower shall satisfy all applicable Requirements for operation of the Project by the completion of the Project, and shall commence operation of the Project promptly upon its completion. No substantial changes may be made to the Plans and Specifications, the general construction contract or the Project Budget, or in the construction of the Project without the prior written approval of the Administration in its discretion. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Project in excess of the amount available to be loaned to the Borrower hereunder. Upon the completion of the Project, the Borrower shall deliver to the Administration a certificate of the Borrower certifying that the Project was completed as of the date set forth in such certificate.

(e) Cancellation of Loan. As provided by Section 9-1606(e) of the Act, the Borrower, unless it is a “disadvantaged community” pursuant to the SDWA, acknowledges and agrees that its obligation to make the payments due hereunder and under the Note is cancelable only upon repayment in full of the Loan, and that neither the Administration, the Secretary of the Department, nor the Board is authorized to forgive the repayment of all or any portion of the Loan, except for loans made in accordance with Section 9-1605.1(d)(10) of the Act.

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

(g) Indemnification. To the extent permitted by law, the Borrower releases the Administration, the Fund, the Department, the Board and the State from, agrees that the Administration, the Fund, the Department, the Board and the State shall not have any liability for, and agrees to protect, indemnify and save harmless the Administration, the Fund, the Department, the Board and the State from and against, any and all liabilities, suits, actions, claims, demands, losses, expenses and costs of every kind and nature incurred by, or asserted or imposed against, the Administration, the Fund, the Department, the Board or the State, as a result of or in connection with the Project or the financing thereof. To the extent permitted by law, all

money expended by the Administration, the Fund, the Department, the Board or the State as a result of such liabilities, suits, actions, claims, demands, losses, expenses or costs, together with interest at the rate provided in the Note from the date of such payment, shall constitute an additional indebtedness of the Borrower and shall be immediately and without notice due and payable by the Borrower to the Administration.

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

(i) Compliance with Requirements. The Borrower acknowledges that the Loan and this Agreement are subject to, and the Borrower agrees to comply with, all Requirements applicable to the Project and the financing thereof, including (without limiting the generality of the foregoing) the SDWA, the Act, and all other applicable State and federal statutes and such rules, regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within nine (9) months of the end of each Fiscal Year (unless such period is changed to comply with terms of the Administration's financings, or a Requirement, in which case the Administration shall notify the Borrower in writing), the Borrower shall cause financial statements of the Borrower to be prepared with respect to such Fiscal Year in accordance with generally accepted accounting principles, applicable to governmental units, consistently applied, which financial statements shall be audited by, and accompanied by a report of, an Independent Public Accountant. Such financial statements and report shall be delivered upon completion to the Administration within the nine (9) month period or within thirty (30) days from receipt of a report from the auditor, whichever period is shorter.

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

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

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

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

Section 3.03. Disbursements and Capitalized Interest.

(a) Requisitions and Disbursements. Amounts shall be loaned from time to time to pay, or reimburse the Borrower for the payment of, Eligible Project Costs, upon receipt

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

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

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

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

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

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

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

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

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

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

Section 3.04. Amounts Payable.

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

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

(c) Administrative Fee. (i) On the date specified in Exhibit B for the first payment of the Administrative Fee and on each August 1 thereafter that the Note remains outstanding and unpaid to and including the date of final maturity of the Note (each such date, an “Administrative Fee Payment Date”), the Borrower shall pay to the Administration an Administrative Fee. Subject to paragraph (iv) below, the Administrative Fee for any Administrative Fee Payment Date shall be (A) the Administrative Fee set forth in Exhibit B or (B) after any date on which the outstanding principal amount of the Loan Commitment is reduced by the Administration by a notice in writing to the Borrower in accordance with this Agreement (other than by reason of the repayment of the principal of the Loan), the Administrative Fee set forth in a notice from the Administration to the Borrower in connection with such reduction. Any adjustment of the Administrative Fee in accordance with the foregoing shall be prospective only,

and the Administration shall in no event be obligated to refund any portion of any Administrative Fee payment theretofore received from the Borrower.

(ii) In prescribing the Administrative Fee for 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 (iii) below) then in effect, (B) divided by the total number of scheduled Administrative Fee Payment Dates. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$5,000,000 and the Percentage Rate were 5%, and the total number of scheduled Administrative Fee Payment Dates were 31, the Administrative Fee to be paid each year would equal:

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

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

Borrower of the newly established Percentage Rate, which shall be the Percentage Rate applicable to the immediately succeeding Fiscal Year, and of any change in the amount of the Administrative Fee payable by the Borrower in such Fiscal Year as a result of the application of such Percentage Rate.

Section 3.05. Sources of Payment.

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

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

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

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

the Department or the State or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

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

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

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

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

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

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

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

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

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.06. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Administration is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this

Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Administration to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE V

MISCELLANEOUS

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

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

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

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

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

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

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

Section 5.08. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior oral and written agreements between the parties hereto

with respect to the Loan. In the event of any inconsistency between the provisions of this Agreement and anything contained in the Application, the provisions of this Agreement shall prevail.

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

Section 5.10. Disclaimer of Relationships. The Borrower acknowledges that the obligation of the Administration is limited to making the Loan in the manner and on the terms set forth in this Agreement. Nothing in this Agreement and no act of either the Administration or of the Borrower shall be deemed or construed by either of them, or by third persons, to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship whatsoever involving the Borrower and the Administration.

Section 5.11. Effective Date. The effective date of this Agreement shall be the Loan Closing Date, provided this Agreement shall have been executed and delivered by all of the parties hereto on or prior to such date.

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

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

Section 5.14. Additional Terms. This Agreement shall also be subject to the additional terms, if any, set forth in Exhibit A hereto. The terms, if any, set forth in Exhibit A shall be deemed to be a part of this Agreement as if set forth in full herein. In the case of any conflict between the terms set forth in Exhibit A and any term of this Agreement, the terms set forth in Exhibit A shall be controlling.

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

(SEAL)

LENDER:

WITNESS:

MARYLAND WATER INFRASTRUCTURE
FINANCING ADMINISTRATION

Name:

Title:

By:

Name: Adriana Caldarelli

Title: Director

(SEAL)

ATTEST:

BORROWER:

Name:

Title:

By:

Name:

Title:

Approved for form and legal sufficiency

this ____ day of _____, 2026

Approved for form and legal sufficiency

this ____ day of _____, 2026

Name:

Local Attorney for Borrower

Name:

Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. The first regularly scheduled payment of interest on the Loan shall be due on _____.
2. The Borrower agrees to comply with the Davis-Bacon Act requirements of Section 1450(e) of the Safe Drinking Water Act for the entirety of construction contract costs of the Project, and shall include specific language regarding compliance in its contracts and subcontracts.
3. The Borrower agrees to comply with the Use of American Iron and Steel requirement of federal law, which provides that all of the iron and steel products used in the Project are produced in the United States, unless a waiver is granted.

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CONT.):

4. The Borrower agrees to comply with EPA's Final Financial Assistance Conflict of Interest Policy, and report any instances of actual or potential conflicts of interest in the award, administration, or monitoring of subawards arising from procurements or other actions. Any conflicts of interest must be immediately disclosed to the Administration within 30 days of discovery for further guidance. The EPA's Final Financial Assistance Conflict of Interest Policy is found at: <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>
5. If this Project is financed with the use of federal funds under CFDA # 66.468, the Borrower may be subject to a single audit to be undertaken by an independent auditor in accordance with uniform administrative requirements, cost principles, and audit requirements for federal awards, 2 C.F.R. § 200.501 (see generally, Subpart F – Audit Requirements of 2 C.F.R. Part 200). The Borrower hereby agrees to obtain such single audit, if required by the Single Audit Act.
6. Borrower agrees to comply with 2 CFR 200.216, which requires that EPA recipients and subrecipients, including borrowers under EPA funded revolving loan fund programs, are prohibited from obligating or expending loan or grant funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
7. The Borrower agrees to comply with all federal requirements applicable to the assistance received (including those imposed by the Infrastructure Investment and Jobs Act, Public Law No. 117-58) which the Borrower understands includes, but is not limited to, the following requirements: that all of the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States ("Build America, Buy America Requirements") unless (i) the Borrower has requested and obtained a waiver pertaining to the

Project that has been approved by the Administration, or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing federal agencies have otherwise advised the Borrower in writing that the Build America, Buy America Requirements are not applicable to the Project.

8. The Borrower further agrees to comply with all record keeping and reporting requirements under all applicable legal authorities, including any reports required by EPA and/or the State, such as performance indicators of program deliverables, information on costs and project progress. The Borrower understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a Default or Event of Default hereunder and the Administration may exercise remedies available to it on default, including but not limited to declaring all amounts due hereunder and under the Note immediately due and payable, terminating and/or requiring repayment of grants, cooperative agreements, direct assistance or other types of financial assistance, and/or other remedial actions.
9. The Borrower must disclose, in a timely manner, in writing to the EPA, the Administration, and the EPA Office of Inspector General all violations of civil False Claims Act violations and Federal criminal law violations involving fraud, bribery, or gratuity violations in connection with the Loan (including any contracts or subcontracts thereunder). The “credible evidence” standard shall be used. This is commonly defined as information “that is worthy of belief, trustworthy evidence.” Using this standard means that the Borrower does not need to make a firm legal determination that a civil or criminal law has been violated before they are required to disclose the violation to the Administration, EPA, and the EPA OIG. Disclosures to the EPA OIG should be made using the form located at https://www.epaoig.gov/sites/default/files/document/2023-04/disclosure_fillable_form_3-5-21.pdf. The form can be completed online or emailed to OIG.Hotline@epa.gov. The Borrower is also required to report certain civil, criminal, or administrative proceedings to SAM.gov. Failure to make required disclosures can result in any of the remedies described in 2 CFR 200.339. (See also 2 CFR part 180, 31 U.S.C. 321, and 41 U.S.C. 2313).

EXHIBIT B
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF THE LOAN

- (1) Project Name(s): _____
- (2) Maximum Principal Amount of Loan Commitment: \$_____
- (3) Rate of Interest: ____% (*Based upon ____% of the _____ average of the Bond Buyer 11-Bond Index*)
- (4) Amortization Schedule:
 - (a) ____ years
\$1,000 Mini Principal Payment Date: _____
Date of First of _____ Amortizing Principal Payments: _____
 - (b) Level Principal ____; or
Level Debt Service _____; or
Other _____
- (5) Annual Administrative Fee: \$_____, beginning August 1, _____.
- (6) Estimated Completion Date of Project(s): _____
- (7) Default Rate: _____% (*Based upon the _____ average of the Bond Buyer 11-Bond Index*)
- (8) Description of Project:
- (9) Address for Borrower's Office(s) Where Books and Records Are Kept, if different from address printed above:

EXHIBIT C
to Loan Agreement

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

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

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

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

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

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

C. Construction Cash Draw Schedule*

Federal Quarter

FFY 26 Q2 (Jan 26 – Mar 26)
FFY 26 Q3 (Apr 26 – June 26)
FFY 26 Q4 (Jul 26 – Sep 26)
FFY 27 Q1 (Oct 26 – Dec 26)
FFY 27 Q2 (Jan 27 – Mar 27)
FFY 27 Q3 (Apr 27 – June 27)
FFY 27 Q4 (Jul 27– Sep 27)
FFY 28 Q1 (Oct 27 – Dec 27)
FFY 28 Q2 (Jan 28 – Mar 28)
FFY 28 Q3 (Apr 28 – June 28)

Cash Disbursements*

Total Disbursements: \$_____

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

Maryland Water Infrastructure
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 Infrastructure Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Drinking Water Loan Agreement dated as of _____, 2026 (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 2026, dated _____, 2026 (the "Note"). The Agreement and the Note are referred to herein collectively as the "Loan Documents". Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF DEDICATED REVENUES*

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

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2026
Dated _____, 2026

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 Infrastructure Financing
Administration

_____, a [body politic and corporate] [municipal corporation] [other appropriate description] of the State of Maryland (the “Borrower”), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$_____ (the “Maximum Principal Amount”) or so much thereof as shall have been advanced from time to time under the terms of the Drinking Water Loan Agreement dated as of _____, 2026 (the “Loan Agreement”) by and between the Borrower and the Maryland Water Infrastructure Financing Administration (the “Administration”), plus interest on the unpaid principal advanced under the terms of the Loan Agreement at the rate of _____ per centum (___%) per annum.

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

<u>Due</u> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>[February 1]</u>	<u>Principal</u> <u>Amount</u>
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

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

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

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

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

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

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

and postage prepaid, in the United States mail before the payment date) to the registered owner at such address as the registered owner may designate from time to time by a notice in writing delivered to the [INSERT BORROWER'S AUTHORIZED OFFICER].

This bond is issued pursuant to and in full conformity with the provisions of [INSERT BORROWER'S LOCAL ACT(S)] and the Maryland Water Infrastructure 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 Infrastructure Financing Administration. In accordance with the Loan Agreement, the principal amount of the Loan, being the amount denominated as principal under this bond, is subject to reduction or adjustment by the Administration in accordance with the Loan Agreement.

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

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

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

Borrower, is within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the [INSERT AUTHORIZED OFFICERS] and the seal of the Borrower has been affixed hereto, attested by the manual signature of the [INSERT AUTHORIZED OFFICER], all as of the __ day of ____, 2026.

(SEAL)

ATTEST:

[NAME OF BORROWER]

[AUTHORIZED OFFICER]

By: _____
[AUTHORIZED OFFICER]

EXHIBIT B

SUBSTANTIALLY FINAL FORM OF THE LOAN AGREEMENT
RELATING TO THE SERIES 2026B BOND

[See Attached]

DRINKING WATER LOAN AGREEMENT

By and Between

MARYLAND WATER INFRASTRUCTURE
FINANCING ADMINISTRATION

and

"Insert Name of Entity"

Dated as of "Insert Month and Day", 2026

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made this "Insert Day" day of "Insert Month", 2026, between the Maryland Water Infrastructure 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 "Insert Entity Type" 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 Infrastructure 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 Infrastructure 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 Infrastructure Financing Administration, a unit of the Department of the Environment of the State, and its successors and assigns.

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

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

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

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

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

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

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

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

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

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

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

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

“Director” means the Director of the Administration.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of Maryland.

“Trustee” means the trustee for the Bonds.

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

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

(a) Corporate Organization and Authority. The Borrower:

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

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

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

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

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

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

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

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

(f) Governmental Consent; Project Consistency.

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

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

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

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

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

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

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

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

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

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

Section 2.02. Particular Covenants of the Borrower.

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

construction and thereafter, against such casualties and contingencies and in such amounts as are customarily maintained by governmental entities similarly situated and as are consistent with sound governmental practice.

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

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

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, the State primary drinking water regulations and with any requirements set forth in the construction and other required permits. The Borrower shall satisfy all applicable Requirements for operation of the Project by the completion of the Project, and shall commence operation of the Project promptly upon its completion. No substantial changes may be made to the Plans and Specifications, the general construction contract or the Project Budget, or in the construction of the Project without the prior written approval of the Administration in its discretion. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Project in excess of the amount available to be loaned to the Borrower hereunder. Upon the completion of the Project, the Borrower shall deliver to the Administration

a certificate of the Borrower certifying that the Project was completed as of the date set forth in such certificate.

(e) Cancellation of Loan. As provided by Section 9-1606(e) of the Act, the Borrower, unless it is a “disadvantaged community” pursuant to the SDWA, acknowledges and agrees that its obligation to make the payments due hereunder and under the Note is cancelable only upon repayment in full of the Loan, and that neither the Administration, the Secretary of the Department, nor the Board is authorized to forgive the repayment of all or any portion of the Loan, except for loans made in accordance with Section 9-1605.1(d)(10) of the Act.

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

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

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

(i) Compliance with Requirements. The Borrower acknowledges that the Loan and this Agreement are subject to, and the Borrower agrees to comply with, all Requirements applicable to the Project and the financing thereof, including (without limiting the generality of the foregoing) the SDWA, the Act, and all other applicable State and federal statutes and such rules, regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within nine (9) months of the end of each Fiscal Year (unless such period is changed to comply with terms of the Administration's financings, or a Requirement, in which case the Administration shall notify the Borrower in writing), the Borrower shall cause financial statements of the Borrower to be prepared with respect to such Fiscal Year in accordance with generally accepted accounting principles, applicable to governmental units, consistently applied, which financial statements shall be audited by, and accompanied by a report of, an Independent Public Accountant. Such financial statements and report shall be delivered upon completion to the Administration within the nine (9) month period or within thirty (30) days from receipt of a report from the auditor, whichever period is shorter.

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

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

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

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

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

Section 3.03. Disbursements and Capitalized Interest.

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

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

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

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

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

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

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

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

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

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

Section 3.04. Amounts Payable.

(a) Loan Payments. The Borrower shall punctually repay the Loan in installments on the dates, in the amounts, and in the manner specified in the Note. The outstanding amount of the Loan shall bear interest at a rate per annum equal to the rate or rates of interest set forth in Exhibit B, and shall be payable in accordance with the amortization schedule as specified in Exhibit B attached hereto and more particularly set out in the Note (which amortization schedule is subject to adjustment in accordance with this Agreement and the Note).

On or prior to the Loan Closing Date, the Borrower shall execute the Note to evidence such obligation. In addition, the Borrower shall pay to the Administration an Administrative Fee in accordance with paragraph (c) of this Section.

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

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

(ii) In prescribing the Administrative Fee for 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 (iii) below) then in effect, (B) divided by the total number of scheduled Administrative Fee Payment Dates. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$5,000,000 and the Percentage Rate were 5%, and the total number of scheduled Administrative Fee Payment Dates were 31, the Administrative Fee to be paid each year would equal:

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

(iii) The Percentage Rate for each Fiscal Year shall be fixed as a uniform rate for all borrowers receiving loans from the Fund in order to provide sufficient revenues to pay the expenses of the Administration, as approved in the operating budget of the State by the General

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

Section 3.05. Sources of Payment.

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

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

(c) State Withholding. As further security for the payment of the Note and any other amounts due hereunder, the Borrower hereby pledges the following to the Administration and grants a security interest therein to the Administration: (i) as authorized by Section 9-1606(d) of the Act, the Borrower's share of any and all income tax revenues collected by the State from time to time that would otherwise be payable to the Borrower, and (ii) to the maximum extent permitted by law, any and all other tax revenues, grants, and other monies that

the Borrower is or may from time to time be entitled to receive from the State or that may at any time be due from the State, or any department, agency, or instrumentality of the State, to the Borrower. The Borrower further agrees that, upon the occurrence of an Event of Default, among other things, the State Comptroller and the State Treasurer may (i) withhold any such amounts that the Borrower is then or may thereafter be entitled to receive and (ii) at the direction of the Administration, apply the amounts so withheld to the payment of any amounts then due or thereafter becoming due hereunder (including, without limitation, payments under the Note) until the Borrower's obligations hereunder have been fully paid and discharged.

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

MISCELLANEOUS

Section 5.01. Notices. All notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing, unless expressly stated otherwise herein. Any such communication shall be

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

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

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

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

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

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

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

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

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

Section 5.10. Disclaimer of Relationships. The Borrower acknowledges that the obligation of the Administration is limited to making the Loan in the manner and on the terms set forth in this Agreement. Nothing in this Agreement and no act of either the Administration or of

the Borrower shall be deemed or construed by either of them, or by third persons, to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship whatsoever involving the Borrower and the Administration.

Section 5.11. Effective Date. The effective date of this Agreement shall be the Loan Closing Date, provided this Agreement shall have been executed and delivered by all of the parties hereto on or prior to such date.

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

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

Section 5.14. Additional Terms. This Agreement shall also be subject to the additional terms, if any, set forth in Exhibit A hereto. The terms, if any, set forth in Exhibit A shall be deemed to be a part of this Agreement as if set forth in full herein. In the case of any conflict between the terms set forth in Exhibit A and any term of this Agreement, the terms set forth in Exhibit A shall be controlling.

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

(SEAL)

LENDER:

WITNESS:

MARYLAND WATER INFRASTRUCTURE
FINANCING ADMINISTRATION

Name:

Title:

By:

Name: Adriana Caldarelli

Title: Director

(SEAL)

ATTEST:

BORROWER:

Name:

Title:

By:

Name:

Title:

Approved for form and legal sufficiency

this ____ day of _____, 2026

Approved for form and legal sufficiency

this ____ day of _____, 2026

Name:

Local Attorney for Borrower

Name:

Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

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

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

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

1. Pursuant to the Safe Drinking Water Act and Section 9-1605.1(d)(8) of the Environment Article of the Annotated Code of Maryland, as amended, the Administration shall forgive repayment of the principal amount of the Loan and the interest payable thereon under Article III hereof and the Note, so long as the Borrower performs all of its other obligations under the Loan Agreement. Upon determination by the Administration that any such other obligations under the Loan Agreement have not been performed by the Borrower, payment of the principal of the Loan and the interest thereon will be due and payable on demand. If the Administration has not demanded payment of the principal of and interest on the Note prior to _____, then the Administration shall be deemed to have forgiven repayment of the Loan evidenced by the Note and interest thereon, the Note shall be deemed cancelled and the Loan Agreement shall be terminated and of no further force and effect.
2. Section 2.02(k) "Additional Disclosure Information" is deleted in its entirety.
3. The last sentence of Section 3.03(c) "Interest During Construction" is deleted in its entirety.

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CONT.):

4. The last sentence of Section 3.04(a) “Amounts Payable” is deleted in its entirety.
5. Section 3.04(b) is deleted in its entirety and inserted in place thereof is the following: “(b) Late Charges. The Borrower shall pay a late charge for any payment of principal or interest on the Loan that is received later than the 30th day following its date of demand, in an amount equal to 5% of such payment.”
6. Section 3.04(c) “Administrative Fee” is deleted in its entirety.
7. Section 3.10 “Prepayments” is deleted in its entirety.
8. The Borrower agrees to comply with the Davis-Bacon Act requirements of Section 1450(e) of the Safe Drinking Water Act for the entirety of construction contract costs of the Project, and shall include specific language regarding compliance in its contracts and subcontracts.
9. The Borrower agrees to comply with the Use of American Iron and Steel requirement of federal law, which provides that all of the iron and steel products used in the Project are produced in the United States, unless a waiver is granted.
10. The Borrower agrees to comply with EPA’s Final Financial Assistance Conflict of Interest Policy, and report any instances of actual or potential conflicts of interest in the award, administration, or monitoring of subawards arising from procurements or other actions. Any conflicts of interest must be immediately disclosed to the Administration within 30 days of discovery for further guidance. The EPA’s Final Financial Assistance Conflict of Interest Policy is found at: <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>

EXHIBIT A
to Loan Agreement

Borrower Name: _____

Address: _____

Attention: _____

Project Name: _____

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CONT.):

11. If this Project is financed with the use of federal funds under CFDA # 66.468, the Borrower may be subject to a single audit to be undertaken by an independent auditor in accordance with uniform administrative requirements, cost principles, and audit requirements for federal awards, 2 C.F.R. § 200.501 (see generally, Subpart F – Audit Requirements of 2 C.F.R. Part 200). The Borrower hereby agrees to obtain such single audit, if required by the Single Audit Act.
12. Borrower agrees to comply with 2 CFR 200.216, which requires that EPA recipients and subrecipients, including borrowers under EPA funded revolving loan fund programs, are prohibited from obligating or expending loan or grant funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
13. The Borrower agrees to comply with all federal requirements applicable to the assistance received (including those imposed by the Infrastructure Investment and Jobs Act, Public Law No. 117-58) which the Borrower understands includes, but is not limited to, the following requirements: that all of the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States (“Build America, Buy America Requirements”) unless (i) the Borrower has requested and obtained a waiver pertaining to the Project that has been approved by the Administration, or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing federal agencies have otherwise advised the Borrower in writing that the Build America, Buy America Requirements are not applicable to the Project.

EXHIBIT A
to Loan Agreement

Borrower Name: _____

Address: _____

Attention: _____

Project Name: _____

14. The Borrower further agrees to comply with all record keeping and reporting requirements under all applicable legal authorities, including any reports required by EPA and/or the State, such as performance indicators of program deliverables, information on costs and project progress. The Borrower understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a Default or Event of Default hereunder and the Administration may exercise remedies available to it on default, including but not limited to declaring all amounts due hereunder and under the Note immediately due and payable, terminating and/or requiring repayment of grants, cooperative agreements, direct assistance or other types of financial assistance, and/or other remedial actions.

15. The Borrower must disclose, in a timely manner, in writing to the EPA, the Administration, and the EPA Office of Inspector General all violations of civil False Claims Act violations and Federal criminal law violations involving fraud, bribery, or gratuity violations in connection with the Loan (including any contracts or subcontracts thereunder). The “credible evidence” standard shall be used. This is commonly defined as information “that is worthy of belief, trustworthy evidence.” Using this standard means that the Borrower does not need to make a firm legal determination that a civil or criminal law has been violated before they are required to disclose the violation to the Administration, EPA, and the EPA OIG. Disclosures to the EPA OIG should be made using the form located at https://www.epaoig.gov/sites/default/files/document/2023-04/disclosure_fillable_form_3-5-21.pdf. The form can be completed online or emailed to OIG.Hotline@epa.gov. The Borrower is also required to report certain civil, criminal, or administrative proceedings to SAM.gov. Failure to make required disclosures can result in any of the remedies described in 2 CFR 200.339. (See also 2 CFR part 180, 31 U.S.C. 321, and 41 U.S.C. 2313).

EXHIBIT B
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF THE LOAN

- (1) Project Name(s): _____
- (2) Maximum Principal Amount of Loan Commitment: \$_____
- (3) Rate of Interest: 0.00 %
- (4) Amortization Schedule: Due on demand, with interest accruing at the Default Rate from the date of demand, in accordance with Exhibit A to this Loan Agreement.
- (5) Estimated Completion Date of Project(s): _____
- (6) Default Rate: _____% (*Based upon the _____ average of the Bond Buyer 11-Bond Index*)
- (7) Description of Project:
- (8) Address for Borrower's Office(s) Where Books and Records Are Kept, if different from address printed above:

EXHIBIT C
to Loan Agreement

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

PROJECT BUDGET

Breakdown of Eligible Project Costs:

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

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

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

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

Total Reimbursement at Closing: \$ _____
Total Loan: \$ _____

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

C. Construction Cash Draw Schedule*

Federal Quarter

FFY 26 Q2 (Jan 26 – Mar 26)
FFY 26 Q3 (Apr 26 – June 26)
FFY 26 Q4 (Jul 26 – Sep 26)
FFY 27 Q1 (Oct 26 – Dec 26)
FFY 27 Q2 (Jan 27 – Mar 27)
FFY 27 Q3 (Apr 27 – June 27)
FFY 27 Q4 (Jul 27 – Sep 27)
FFY 28 Q1 (Oct 27 – Dec 27)
FFY 28 Q2 (Jan 28 – Mar 28)
FFY 28 Q3 (Apr 28 – June 28)

Cash Disbursements*

Total Disbursements: \$_____

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

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER]

[CLOSING DATE]

Maryland Water Infrastructure
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 Infrastructure Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Drinking Water Loan Agreement dated as of _____, 2026 (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 2026, dated _____, 2026 (the "Note"). The Agreement and the Note are referred to herein collectively as the "Loan Documents". Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF DEDICATED REVENUES*

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

\$(MAX. AMT.)

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

[NAME OF BORROWER]
DRINKING WATER BOND, SERIES 2026
Dated _____, 2026

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 Infrastructure Financing
Administration

_____, a [body politic and corporate] [municipal corporation] [other appropriate description] of the State of Maryland (the “Borrower”), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$_____ (the “Maximum Principal Amount”) or so much thereof as shall have been advanced from time to time under the terms of the Drinking Water Loan Agreement dated as of _____, 2026 (the “Loan Agreement”) by and between the Borrower and the Maryland Water Infrastructure Financing Administration (the “Administration”), plus interest on the unpaid principal advanced under the terms of the Loan Agreement as provided for herein.

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

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

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

This bond is subject to a late charge for any payment of principal or interest that is received later than the 30th day following its date of demand in accordance with Section 3.04(b) of the Loan Agreement. Any interest due on the unpaid principal amounts advanced under the Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the date of demand.

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

This bond is issued pursuant to and in full conformity with the provisions of [INSERT BORROWER'S LOCAL ACT(S)] and the Maryland Water Infrastructure 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 Infrastructure Financing Administration. In accordance with the Loan Agreement, the principal amount of the Loan, being the amount denominated as principal under this bond, is subject to reduction or adjustment by the Administration in accordance with the Loan Agreement.

The full faith and credit and unlimited taxing power of the Borrower are hereby irrevocably pledged to the prompt payment of the principal of and interest on this bond according to its terms,

and the Borrower does hereby covenant and agree to pay the principal of and interest on this bond at the dates and in the manner prescribed herein.

This bond is transferable only after the Maximum Principal Amount has been borrowed upon the books of the Borrower at the office of the [INSERT BORROWER'S AUTHORIZED OFFICERS] by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the [INSERT BORROWER'S AUTHORIZED OFFICER], duly executed by the registered owner or his duly authorized attorney. The Borrower shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in such denominations as the Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered of the same series and with the same maturity and interest rate and the same forgiveness provisions. The new bond or bonds shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer. The Borrower may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

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

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the [INSERT AUTHORIZED OFFICERS] and the seal of the Borrower has been affixed hereto, attested by the manual signature of the [INSERT AUTHORIZED OFFICER], all as of the __ day of ____, 2026.

(SEAL)

ATTEST:

[NAME OF BORROWER]

[AUTHORIZED OFFICER]

By: _____
[AUTHORIZED OFFICER]