

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**INVITATION FOR BIDS
(Small Procurement)**

FOR

ARBITRAGE REBATE COMPLIANCE SERVICES

FOR THE

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

IFB #ARCS-03152012

Due Date: April 12, 2012 by 11:00 a.m. Local Time

Issued: March 15, 2012

KEY INFORMATION SUMMARY SHEET

**Maryland State Treasurer's Office
Invitation for Bids
(Small Procurement)
For
Arbitrage Rebate Compliance Services
IFB #ARCS-03152012**

Procurement Officer: Anne Jewell
Tel.: (410)260-7903
Fax: (410)974-3530
Email: procurement@treasurer.state.md.us

Submit Proposals to: Maryland State Treasurer's Office
Attn: Procurement Officer
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401

Solicitation Issue Date: March 15, 2012

Bid Due Date and Time: April 12, 2012 by 11:00 a.m. Local Time

Tentative Contract Award: April 19, 2012

Notice: Prospective bidders who received this document from www.eMarylandMarketplace.com, or from a source other than the Issuing Office, should immediately contact the Procurement Officer and provide their name and mailing address in order that amendments to this Invitation for Bids ("IFB" or "solicitation") or other communications can be sent to them. Any prospective bidder who fails to notify the Issuing Office with this information assumes complete responsibility in the event that they do not receive the solicitation from the Issuing Office prior to the closing date.

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SECTION I - OBJECTIVE

1.01 Summary Statement

The Maryland State Treasurer's Office (the "Office") on behalf of the Maryland Department of the Environment (the "Department"), Maryland Water Quality Financing Administration, (the "Administration"), is requesting bids to provide arbitrage rebate compliance services. The successful bidder will estimate and calculate the arbitrage rebate, if any, payable to the United States under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder for the revenue bonds issued by the Administration, which such estimates and calculations will be relied on in the preparation of audited financial statements; prepare and file with the Internal Revenue Service (the "IRS") Form 8038-T, or other required or successor forms, associated with such arbitrage rebate payments; and perform such other services as reasonably requested by the Administration relating to calculation or payment of the arbitrage rebate.

1.02 Issuing Office and Procurement Officer

Maryland State Treasurer's Office
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, MD 21401

Procurement Officer: Anne Jewell
Phone: (410)260-7903
E-mail: procurement@treasurer.state.md.us

The sole point of contact for purposes of this Invitation for Bids (the "IFB") is the Procurement Officer. The Procurement Officer may designate others to act of her behalf. The Office may change the Procurement Officer or the limits of her authority at its discretion.

1.03 Procurement Method

The contract arising out of this IFB (the "Contract") will be awarded in accordance with the small procurement process under COMAR 21.05.07.

1.04 Use of "eMaryland Marketplace"

eMaryland Marketplace (www.emarylandmarketplace.com) is a free electronic commerce system administered by the Maryland Department of General Services. The IFB and related materials will be provided via eMaryland Marketplace.

This means that all such information is immediately available to subscribers of eMaryland Marketplace. All subscribers will receive solicitation notifications as well as solicitation update/change order notifications. Because of the instant access afforded by eMaryland

Marketplace, it is recommended that all bidders interested in doing business with Maryland State agencies subscribe to eMaryland Marketplace.

1.05 Contract Officer

The Contract Officer monitors the daily activities of the Contract and provides technical guidance to the Contractor. The State Contract Officer is:

Director, Water Quality Financing Administration
Maryland Department of the Environment
1800 Washington Boulevard
Baltimore, Maryland 21230-1718
Tel: (410) 537-3981

1.06 Submission Deadline

To be considered, the bid must be received by the Procurement Officer at the Issuing Office no later than Thursday, April 12, 2012 by 11:00 a.m. Local Time. Requests for extension of this bid date or time will not be granted. Bidders mailing bids should allow sufficient mail and internal delivery time to ensure the timely receipt of the bids by the Procurement Officer at the Issuing Office. Bids arriving in the Issuing Office or received by the Procurement Officer after the closing date and time, regardless of the method of their transmission, will not be considered. Bids submitted by electronic means (facsimile or e-mail) will not satisfy the submission deadline and will not be considered.

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SECTION II – GENERAL INFORMATION

2.01 Purpose

The overall purpose of the IFB is to provide information to bidders interested in submitting bids to meet the Administration's needs for arbitrage rebate compliance services, as described more fully below in Section III – Scope of Services.

2.02 Revisions to the IFB

The Office reserves the right to amend this IFB at any time prior to the bid due date and time. If it becomes necessary to revise this IFB at any time prior to the due date and time, amendments will be provided to all prospective bidders that were sent this IFB or otherwise are known by the Procurement Officer to have obtained this IFB. Written acknowledgment of the receipt of all amendments will be required. In addition, amendments to the IFB will be posted on the Office's Web Page at www.treasurer.state.md.us, (select "Procurement Information" and then "IFB for Arbitrage Rebate Compliance Services"), and through eMaryland Marketplace at www.emarylandmarketplace.com. Amendments made after the due date for bids will be sent only to those bidders who submitted a timely bid.

Failure to acknowledge receipt of amendments does not relieve the bidder from complying with all terms of any such amendment.

2.03 Cancellation of the IFB; Rejection of all Bids

The Office may cancel this IFB, in whole or in part, or may reject all bids submitted in response whenever this action is determined to be fiscally advantageous to the State or otherwise in its best interests.

2.04 Bid Form

Bids must be submitted on a completed and signed (in ink) Bid Form, which is included as Appendix A to this solicitation. Oral, telegraphic, mailgram, or electronically transmitted bids will not be accepted.

2.05 Bid/Proposal Affidavit

All bids submitted by a bidder must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as Appendix B to this IFB.

2.06 Contract Affidavit

All bidders are advised that if a Contract is awarded as a result of this solicitation, the successful bidder will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes in Appendix C. This Affidavit need not be submitted with a bid.

2.07 Bid Opening

Bids shall be opened publicly at the Maryland State Treasurer's Office, Louis L. Goldstein Treasury Bldg., 80 Calvert Street, Annapolis, Maryland 21401, 1st Floor Conference Room, on Thursday, April 12, 2012, at 11:00 a.m. Local Time. The name of each bidder, the financing bid rates, and such other information as is deemed appropriate shall be read aloud or otherwise made available. The bids shall be tabulated or a bid abstract made. The opened bids shall be available for public inspection at a reasonable time after bid opening but in any case before contract award except to the extent the bidder designates trade secrets or other proprietary data to be confidential.

2.08 No Guarantee of Work

No Contractor is guaranteed any minimum amount of work or compensation.

2.09 Basis for Award

The Contract will be awarded to the qualified responsible bidder who submitted a bid determined by the Office to represent the most favorable bid price. See also Section 5.03 Selection.

2.10 Payment by Electronic Funds Transfer

By submitting a response to this solicitation, the bidder agrees to accept any payments from the State by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected bidder shall register using form COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form. Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption. The COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form may be downloaded from: www.comp.state.md.us, select "General Accounting Division," then "Electronic Funds Transfer Program", and then "Form X-10."

2.11 Acceptance of Terms and Conditions

By submitting a bid in response to this IFB, the bidder accepts all of the terms and conditions set forth in this IFB. If selected for award, the bidder agrees (a) that it will comply with all federal, State and local laws applicable to its activities and obligations under the Contract, (b) that it shall not become in arrears under any State obligation during the term of the Contract, and (c) to all terms and conditions set forth in the form of contract included as Appendix D to this IFB.

SECTION III - SCOPE OF SERVICES

3.01 Background

The Maryland Department of the Environment (the “Department”) was created in 1987 to consolidate the administration of environmental programs and to improve the enforcement of environmental laws and regulations in the State. The Department is responsible for all major regulatory environmental programs in Maryland for protecting the water, air and land. The Department is organized into several key units: Office of the Secretary; Business Operation; Policy, Community Relations and Outreach; Air and Radiation Management; Waste Management; Water Management; and Technical and Regulatory Services. The Maryland Water Quality Financing Administration (the “Administration”) is within the Office of Budget, which reports to the Office of the Secretary. The Department has an operating budget for fiscal year 2012 of \$110 million and a capital budget of \$500 million. The Department has approximately 900 employees.

The Maryland Water Quality Financing Administration is responsible for the financial management of the Water Quality Revolving Loan Fund, the Drinking Water Revolving Loan Fund, and the Bay Restoration Fund.

A. Water Quality Revolving Loan Fund (WQRLF)

Title VI of the Federal Water Pollution Control Act of 1972, as amended by the Water Quality Act of 1987 (the “Clean Water Act”), authorizes the United States Environmental Protection Agency (the “EPA”) to award grants to qualifying states to establish and capitalize state revolving funds (“SRF’s”) for the purpose of providing loans and certain other forms of financial assistance (but not grants) to finance, among other things, the construction of publicly-owned wastewater treatment facilities.

As contemplated by the Clean Water Act, the Maryland General Assembly in 1988 enacted Sections 9-1601 through 9-1622 (the “Act”) inclusive, of the Environmental Article of the Annotated Code of Maryland. This legislation established the Administration and an SRF known as the Maryland Water Quality Revolving Loan Fund (“WQRLF”) to be maintained and administered by the Administration. Maryland law authorizes the Administration, among other things, to make a loan from the Fund to a “local government” for the purpose of financing all or a portion of the cost of a wastewater facility. The Act also authorizes the Administration to issue its revenue bonds for the purpose of providing money for deposit to the Fund to enable the Administration, among other things, to make loans to local governments.

The Administration began operating the WQRLF during fiscal year 1989. Since inception through June 30, 2011, the WQRLF has received federal capitalization grants totaling \$746 million (including one-time stimulus funds), matched with \$130 million of State grant funds. As of June 30, 2011, the Administration made \$1.48 billion in total loans and grants. The Administration leverages its grant equity with revenue bonds. As

of June 30, 2011, the Administration has two series of revenue bonds outstanding (Series 2005A & Series 2008A) totaling approximately \$70.5 million. Series 2005A bonds mature in 2015, while the Series 2008A bonds will mature in 2025. Revenues of certain loans are pledged to the repayment of bond debt service. In the future, the Administration expects to issue additional revenue bonds, every other year, for an estimated \$50 million per issue. It is expected that each future issue will consist of just one series.

B. Drinking Water Revolving Loan Fund (DWRLF)

The Drinking Water Revolving Loan Fund (“DWRLF”) was established by the federal government in the Safe Drinking Water Act (“SDWA”) Amendments of 1996 (P.L. 104-108) and by amending Section 9-1605.1 of the Environment Article of the Annotated Code of Maryland. The DWRLF makes loans to local governments and certain eligible private water system owners for the purpose of financing all or a portion of the cost of a drinking water facility. The SDWA also authorizes the Administration to issue its revenue bonds for the purpose of providing money for deposit to the DWRLF to enable the Administration, among other things, to make loans to local governments.

The Administration began operating the DWRLF in 1997. Since inception through June 30, 2011, the DWRLF has received federal capitalization grants totaling \$178 million, matched with \$30 million of State grant funds. As of June 30, 2011 the Administration had made \$190 million in loans and grants. To date, the Administration has not issued any revenue bonds under the DWRLF, but may do so in the future.

C. Bay Restoration Fund (BRF)

The Bay Restoration Fund (“BRF”) was established by the Maryland legislature in 2004 by amending the Environment Article of the Annotated Maryland of Maryland to add Section 9-1605.2. The BRF is made up of two sub-funds – the Wastewater Fund and the Septic Fund, each of which has specific purposes under the statute. The source of BRF Wastewater Fund revenue is a \$30 per year per equivalent dwelling unit fee on all homes and businesses connected to wastewater treatment plants. Similarly, the source of BRF Septic Fund revenue is a \$30 per year fee on each user of a septic system. The local billing authorities deposit the fee with the State Comptroller’s Office. The State Comptroller’s Office transfers (net of certain administrative expenses) all of the BRF Wastewater Fund fees and 60% of the BRF Septic Fees to the Administration; the remaining 40% of BRF Septic Fees are transferred to the Maryland Department of Agriculture. The primary purpose of the BRF Wastewater Fund is to provide grants for the upgrade of major wastewater treatment plants with Enhanced Nutrient (nitrogen and phosphorus) Removal (“ENR”) technologies. The Administration expects net annual BRF Wastewater Fund revenues of \$55 million, which it expects to leverage by issuing revenue bonds and using the proceeds and cash to provide grants for approximately \$1 billion in ENR capital improvements. Similarly, the purpose of the BRF Septic Fund, with estimated net revenues of \$13 million per year, is to provide grants and/or loans for the upgrade of septic systems with best available technology for nitrogen removal (60%

of funds) and to implement the cover crop program under the Department of Agriculture (40% of funds). The septic revenue is not pledged for the payment of debt service on BRF revenue bonds.

The Administration began operating the BRF in 2005. Since inception through June 30, 2011, the BRF Wastewater Fund has received fees totaling \$352 million. To date, the Administration has one series of revenue bonds outstanding (Series 2008), totaling approximately \$42 million. The Series 2008 bonds mature in 2023. The Administration expects to sell approximately \$430 million in additional bonds between 2013 and 2016. Each issuance is expected to consist of one series.

3.02 Bond Accounts

Since 1993, the Administration's trustee under the WQRLF indenture is the Manufacturers and Traders Trust Company. The trustee maintains several bank accounts and provides monthly statements to the Administration. The Administration provides in either written or electronic form a copy of these bank account statements to the arbitrage rebate calculation preparer monthly. The Administration currently has three (3) outstanding bond series – WQRLF Series 2005A (existing indenture), WQRLF Series 2008A (new indenture) and BRF Series 2008A and expects to issue additional bonds in the future under the existing or new indenture of WQRLF and under the new indenture of BRF.

Under the WQRLF indentures, the following accounts and sub-accounts have been established for each of the Administration's bond issues and similar accounts under either or both of the WQRLF and BRF indentures are expected to be established in the future:

- Debt Service Reserve Account (established for the purpose of holding proceeds from the original bond issuance as additional security for bond holders in case of a revenue shortfall; one account currently funded for WQRLF Series 2005A);
- Revenue Account (established for the purpose of receiving deposits of WQRLF loan repayments and BRF fee revenue; five sub-accounts currently funded, three for WQRLF Series 2005A, and one each for WQSRF Series 2008A and BRF Series 2008A)
- Project Account (established for the purpose of holding new issue bond proceeds; may be up to three to four sub-accounts for each issue – no accounts currently funded);
- Redemption Account (established for the purpose of holding funds to be used to redeem bonds; one account for each issue – no accounts currently funded);
- Debt Service Account (established for the purpose of holding funds to be used to pay semi-annual debt service on bonds; one account for each issue – generally there are no funds in these accounts, as they are funded and payments disbursed on the debt service payment dates);

- Sinking Fund Account (established for the purpose of setting aside funds to be used to redeem bonds; one account for each issue if a sinking fund is required under the indenture – no accounts currently funded)
- Rebate Account (established for the purpose of making payment to the Internal Revenue Service for arbitrage rebate; one account for each issue – no accounts currently funded)

3.03 Services

With respect to any tax-exempt bond deemed to be an “arbitrage bond” under Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated thereunder, the bond issuer is required to pay a rebate to the United States and file with the with the Internal Revenue Service (the “IRS”) Form 8038-T with such rebate payment.

Accordingly, the successful bidder (hereinafter, the “Contractor”) will be required to perform the following calculations and services:

1. Annual Rebate Estimates for Financial Statements and Reserve Requirements

Beginning with the fiscal year ending June 30, 2012, estimate the arbitrage rebate, if any, due on each of the Administration’s then-outstanding bond series for (1) financial statement purposes and (2) for purposes of estimating amounts to be reserved within the Revenue Account or deposited into the Rebate Account before annually releasing funds to the Administration. Beginning in 2012, each of these calculations must be completed no later than August 15 and compiled in an “interim” report in PDF format for each outstanding bond series. In connection with each of these calculations, the Contractor must agree to:

- (a) Verify that the issue is an “arbitrage bond” subject to the rebate payment requirement under Section 148(f) of the Code (the “Rebate Requirement”);
- (b) Prepare a statement of the arbitrage rebate calculation methodology, including information on assumptions, conclusions and the treatment of certain earnings, if any, as earnings on a bona fide debt service fund;
- (c) Verify bond yield;
- (d) Identify and account separately for all gross proceeds, transferred proceeds, and commingled funds, if any;
- (e) Calculate the issue’s excess investment earnings (cumulative arbitrage rebate liability), taking into account any proceeds that are or have become subject to the yield restriction requirements;
- (f) Deliver appropriate documentation to the Administration required to support arbitrage rebate calculations;
- (g) Assist the Administration as necessary in the event of an IRS inquiry;
- (h) Assist the Administration in identifying and recovering overpayments, if any, of previously paid arbitrage rebate amounts;

- (i) Consult with the Administration as necessary regarding arbitrage rebate-related matters;
- (j) Provide assistance and consultation as necessary to retain records and documentation at least six years after each issue's final maturity; and
- (k) Provide a legal opinion or a representation signed by a partner or principal of the firm that the arbitrage rebate determinations and calculations comply with the Rebate Requirement.

2. Five-Year Rebate Calculations and Final Rebate Calculations for IRS Filing Purposes

Beginning with fiscal year ending June 30, 2012, compute the actual arbitrage rebate payments to be made by the Administration in accordance with Section 148(f) of the Code. Currently, payments are required to be made at least once every five years for each bond issue that has a rebate liability (each, a "Five-Year Payment"), with a final payment made in the year the bond series has been paid in full (the "Final Payment"). These calculations will be performed annually using the computation dates prescribed by 26 C.F.R. 1.148-3(e) and (g) (each, a "Computation Date"), and will be slightly different from the estimate calculations described in Section 3.03.1(a) above, essentially representing an update to the annual "interim" report calculations. For each issue subject to a Five-Year Payment requirement, a report of its Five-Year Payment calculation must be sent to the Administration 30 days after the bond principal payment date (currently September 1 for WQRLF issues or March 1 for BRF issues) for that issue. For each issue requiring a Final Payment in the current fiscal year, a report of such Final Payment calculation must be completed within 30 days after the final Computation Date.

In connection with each such calculation, the Contractor must agree to provide the following:

- (a) A statement of the calculation methodology, including information on assumptions, conclusions and the treatment of certain earnings, if any, as earnings on a bona fide debt service fund;
- (b) Verification of bond yield;
- (c) Identification and separate accounting for all gross proceeds, transferred proceeds, and commingled funds, if any;
- (d) Calculation of each issue's excess investment earnings (cumulative arbitrage rebate liability), taking into account any proceeds that are or have become subject to the yield restriction requirements;
- (e) Appropriate documentation to support all calculations;
- (f) A completed Form 8038-T, or applicable successor form; and
- (g) A legal opinion or a representation signed by a partner or principal of the firm that the arbitrage rebate determinations and calculations comply with the Rebate Requirement.

An explanation of any material differences from the August 15 "interim" report estimates discussed in Section 3.03.1 above must be included in the reports submitted under this Section 3.03.2.

3.04 Compensation

The Administration shall pay a fixed fee, payable annually for each issue, upon completion of arbitrage rebate compliance services described above in Section 3.03 for the applicable year; provided, however, that the Administration in its sole discretion shall determine when such services are deemed to have been completed for a particular year. The proposed fixed fee will include all expenses other than direct out-of-pocket travel expenses and express mail or other delivery charges incurred at the direction of the Contract Officer. No charges will be allowed for copying, telephone expense, Internet connections and/or other type of computer charges or costs in performing any services under the contract. Travel expenses will be invoiced and reimbursed in accordance with the State's standard travel regulations (COMAR 23.02.01). Payment will be made in arrears upon presentation of an approved invoice.

The proposed fixed fee for the first three years will be based on the "Price Proposal" with no price adjustment for either inflation or workload. If the contract is extended, the fixed fee will be adjusted using an inflationary factor based on the prior-year annual average consumer price index (published by the US Department of Labor, Bureau of Labor Statistics).

Payments to the Contractor shall be made no later than 30 days after receipt by the Administration of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

3.05 Term

The Contract to be awarded pursuant to the IFB is expected to begin May 1, 2012 and continue for a period of three years with two one-year renewal options exercisable at the sole discretion of the Treasurer, acting on behalf of the Administration.

SECTION IV – BID FORMAT

4.01 Minimum Requirement for Qualifying Bid

Each qualifying bidder must submit the following:

- A. Identify and include a copy of resumes of at least two persons, one of which is a partner or principal of the firm, and each of whom has at least three years of recent experience primarily performing arbitrage rebate calculations (“ARCs”).
- B. List at least three ARCs performed by the persons identified in Section 4.01(A) above, within the last year.
- C. Provide one sample ARC, performed within the last year, covering at least one five-year payment period, including any schedules, opinions, and the amount of rebate due to the Internal Revenue Service, if any. (Identifying information about the bond issue may be removed).

4.02 Similar Engagements/Client References

Each bidder must submit with its bid a brief description of similar ARCs that were successfully performed for state government or state agency issues in the past one year. At least three clients must be identified by name, address, telephone number. The Office reserves the right to contact these and any other known clients.

4.03 Disclosure

Disclose specific details of any pending legal proceedings (criminal or civil), or regulatory or disciplinary actions by any state or federal regulatory agency, involving the firm or members of the firm; or any convictions, judgments or settlements resulting from such proceedings or actions within the past five years.

4.05 Bid Submission

Each bidder must submit no later than 11:00 a.m. Local Time on Thursday, April 12, 2012, response to the question in Section IV, a completed and signed Bid Form (Appendix A), and the Bid/Proposal Affidavit (Appendix B). The Bid Form (Appendix A) should include the fixed fee per bond issue per year for services. The proposed fixed fee will include all expenses except for out-of-pocket travel expenses and express mail or other delivery charges incurred at the direction of the Contract Officer.

SECTION V – EVALUATION AND SELECTION

5.01 Bid Evaluation

All qualifying bids received by the Procurement Officer from responsible bidders by the submission deadline will be evaluated by the Office.

5.02 Bidder Qualifications

1. In General. The Office may make such reasonable investigations as deemed proper and necessary to determine the ability of any bidder to meet the requirements of this solicitation. By submitting a bid in response to this IFB, a bidder shall be deemed to have agreed to provide to the Office all such information for this purpose as reasonably may be requested. The Office reserves the right to reject any bid if the information submitted by, or the investigation of, the bidder fails to satisfy the Office that such bidder is capable of meeting the requirements of this solicitation and the agreements contemplated herein.
2. Qualification Conditions. If selected for award, a bidder must, in the exercise of the Administration's reasonable judgment:
 - a. Possess the knowledge and ability to perform the services described in Section 3.03 Services of this IFB.
 - b. Be able to provide signed opinions that the computations to be performed comply with the applicable Internal Revenue Code requirements relating to arbitrage rebate payments. Refer to Section 3.03 for details.
 - c. Be able to work with Internal Revenue Service personnel in obtaining arbitrage rebate refunds or resolving disputes about arbitrage rebate calculations and payments.
 - d. Not have been terminated from providing services due to any significant litigation, threatened or pending, against your firm.

5.03 Selection

The award will be made to the qualified responsible bidder who submitted a bid determined by the Office to represent the most favorable bid price. In determining the most favorable bid price, the Office will use the fees submitted on the Pricing Bid Form as Appendix A. In no event will a bidder who does not meet the bidder qualifications or is otherwise deemed not to be responsible in the Office's sole discretion be eligible for award.

**APPENDIX A
BID FORM**

**ARBITRAGE REBATE COMPLIANCE SERVICES FOR THE
MARYLAND WATER QUALITY FINANCING ADMINISTRATION
IFB #ARCS-03152012**

Bidder:

(Firm Name)

(Address)

(City, State, Zip)

FIXED FEE PER YEAR PER BOND SERIES
FOR ARBITRAGE REBATE COMPLIANCE SERVICES: \$ _____

In compliance with the IFB and with all terms and conditions set forth therein, the undersigned represents that he/she has full authority to submit the above bid and to bind his/her principal to the obligations contemplated thereunder.

Signature of Authorized Official

Name and Title of Authorized Official

APPENDIX B

BID/PROPOSAL AFFIDAVIT

A. AUTHORITY

I HEREBY AFFIRM THAT:

I, _____ (print name), possess the legal authority to make this Affidavit.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in “discrimination” as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. “Discrimination” means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor’s, supplier’s, or commercial customer’s employees or owners. “Discrimination” also includes retaliating against any person or other entity for reporting any incident of “discrimination”. Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State’s Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

B-1. CERTIFICATION REGARDING MINORITY BUSINESS ENTERPRISES.

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

(1) Been convicted under state or federal statute of:

(a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT:

Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State

Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

K. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (print name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

APPENDIX C

CONTRACT AFFIDAVIT

A. AUTHORITY

I HEREBY AFFIRM THAT:

I, _____ (print name), possess the legal authority to make this Affidavit.

B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

I FURTHER AFFIRM THAT:

The business named above is a (check applicable box):

- (1) Corporation — domestic or foreign;
- (2) Limited Liability Company — domestic or foreign;
- (3) Partnership — domestic or foreign;
- (4) Statutory Trust — domestic or foreign;
- (5) Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID
Number: _____ Address: _____

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID Number: _____
Address: _____.

C. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13-221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101 — 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

E. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;

(d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

- (i) The dangers of drug and alcohol abuse in the workplace;
- (ii) The business's policy of maintaining a drug and alcohol free workplace;
- (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

- (i) Abide by the terms of the statement; and
- (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

- (i) Take appropriate personnel action against an employee, up to and including termination; or
- (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated _____, 2012, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (printed name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

APPENDIX D

FORM OF CONTRACT FOR ARBITRAGE REBATE COMPLIANCE SERVICES

THIS CONTRACT (the “Contract”), is made as of the ___ day of _____, 2012 by and between _____ (the “Contractor”), and the **MARYLAND STATE TREASURER’S OFFICE**, on behalf of the **MARYLAND DEPARTMENT OF THE ENVIRONMENT** (the “Department”), **MARYLAND WATER QUALITY FINANCING ADMINISTRATION** (the “Administration”), 80 Calvert Street, Annapolis, Maryland 21401 (the “Office”), an office of the State of Maryland (the “State”).

The Parties agree as follows:

Scope of Services

The Office hereby engages the Contractor to provide Arbitrage Rebate Compliance Services as described in the attached:

- Exhibit A: Maryland State Treasurer’s Office Invitation for Bids for Arbitrage Rebate Compliance Services for the Maryland Water Quality Financing Administration, IFB # ARCS-03152012;
- Exhibit B: Contractor’s Bid dated _____, 2012; and
- Exhibit C: Bid/Proposal Affidavit and Contract Affidavit.

This Contract and the Exhibits shall constitute the scope of services provided under this Contract. In the event of a conflict between this Contract and the Exhibits, this Contract shall prevail.

Term of Contract

The Contract to be awarded pursuant to the IFB is expected to begin May 1, 2012 and continue for a period of three years with two one-year renewal options exercisable at the sole discretion of the Treasurer, acting on behalf of the Administration.

Payment

For each year in which Contractor performs the arbitrage rebate compliance services described herein under Scope of Services, upon Contractor’s completion of such services for that year, Agency shall pay the annual fee for each issue set forth in the attached Contractor’s Bid in Exhibit ___, which shall not be adjusted for the first three years for either inflation or workload provided, however, that the Administration in its sole discretion shall determine when arbitrage rebate compliance services are deemed to have been completed for a particular year. If the Contract is extended, the fixed maximum fee, per year per bond series, will be adjusted using an inflationary factor based on the prior-year annual average consumer price index (published by the US Department of Labor, Bureau of Labor Statistics).

Payments to the Contractor may be withheld, without interest or penalty, when in the sole discretion of the Maryland State Treasurer, the Contractor's performance of any of the services under this Contract is unsatisfactory, or does not meet generally accepted industry standards. Notice of such withholding of payment and the reasons therefor shall be promptly provided to the Contractor, who shall be afforded an opportunity to cure any performance deficiencies.

All invoices for goods and services shall be submitted to:

Jag Khuman
Director, Water Quality Financing Administration
Maryland Department of the Environment
1800 Washington Boulevard
Baltimore, Maryland 21230-1718
Tel: (410) 537-3981

Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after receipt by the Administration of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number, which is _____, and shall clearly indicate the specific type of service provided. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

General Conditions

- (1) Maryland Law Prevails. The law of Maryland shall govern the interpretation and enforcement of this Contract.
- (2) Disputes. Disputes arising under this Contract shall be governed by State Finance and Procurement Article, Title 15, Subtitle 2, Part III, Annotated Code of Maryland, and by COMAR 21.10. Pending resolution of a dispute, the Contractor shall continue to perform this Contract, as directed by the Procurement Officer.
- (3) Changes. This Contract may be amended only with the written consent of both parties. Amendments may not significantly change the scope of the Contract (including the Contract price).
- (4) Subcontracting; Assignment. The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor sell, transfer, or otherwise assign its obligations under this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written approval of the State; provided, however, that the Contractor may subcontract services under or make an assignment of this Contract to an affiliate of the Contractor that is fully capable of performing such services if the Contractor retains full responsibility for the Contract. Any such

subcontract or assignment shall be subject to any terms and conditions that the Office deems necessary to protect the interest of the State. The Office shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

(5) Termination for Default. If the Contractor does not fulfill obligations under this Contract or violates any provision of this Contract, the State may terminate the Contract by giving the Contractor written notice of termination. Termination under this paragraph does not relieve the Contractor from liability for any damages caused to the State. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

(6) Nondiscrimination. The Contractor shall comply with the nondiscrimination provisions of federal and Maryland law, including the provisions of State Finance and Procurement Article, Title 19, Annotated Code of Maryland.

(7) Anti-Bribery. The Contractor certifies that, to the Contractor's best knowledge, neither the Contractor; nor (if the Contractor is a corporation or partnership) any of its officers, directors, or partners; nor any employee of the Contractor who is directly involved in obtaining contracts with the State or with any county, city, or other subdivision of the State, has been convicted of bribery, attempted bribery, or conspiracy to bribe under the laws of any state or of the United States.

(8) Termination for Convenience. The State may terminate this Contract, in whole or in part, without showing cause upon prior written notice to the Contractor specifying the extent and the effective date of the termination. The State shall pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor may not be reimbursed for any anticipatory profits which have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A(2).

(9) Notices. All notices required to be given by one party to the other hereunder shall be in writing and shall be addressed as follows:

(a) Jag Khuman
Director, Water Quality Financing Administration
Maryland Department of the Environment
1800 Washington Boulevard
Baltimore, Maryland 21230-1718
Tel: (410)537-3981

(b) The Contractor

IN WITNESS WHEREOF, the parties have executed this Contract as of the date hereinabove set forth.

ATTEST:

(Contractor)

By: _____

WITNESS:

**MARYLAND STATE TREASURER'S
OFFICE**

By: _____

Bernadette T. Benik
Chief Deputy Treasurer

**ACKNOWLEDGED AND ACCEPTED:
MARYLAND WATER QUALITY
FINANCING ADMINISTRATION**

Jag Khuman
Director

Approved for form and legal sufficiency
for the Maryland State Treasurer's Office:

Counsel to the Treasurer