

Maryland Environmental Service - Board of Directors

February 14, 1974

The Board of Directors of the Maryland Environmental Service held a brief meeting on Thursday, February 14, 1974. Those present were:

Robert Chaney, Treasurer
Evan Crossley, Secretary

Also present were:

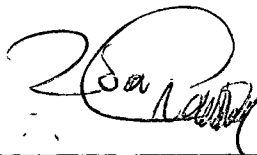
Reed W. McDonagh (acting for Tom McKewen)
S. Michael Floam, Special Asst. Attorney General
Michael Long, Chief of Administration
Robert Pierce, Chief, Operations & Maintenance
C. R. Albrecht, Chief, Design & Construction

Reed McDonagh opened and gave a brief synopsis of the Baltimore County Solid Waste Recovery Program. The Contract has been signed and now appears to be finalized and accepted by all concerned.

The Board was asked to consider a Resolution concerning the banking of funds from this Contract. After some discussion, Evan Crossley moved that the resolution be adopted. Robert Chaney seconded the motion. The motion was approved by a 3-0 vote.

The draft "Procurement Policy and Procedure" document was discussed. Ron Albrecht and Bob Pierce were asked to give their views on this document and it was carried in depth. Evan Crossley stated that he had not had an opportunity to study the document. Reed McDonagh suggested that the Board adopt the document tentatively and subject to any modifications Evan might wish to add by phone. Mike Floam asked that Evan send a written copy of his comments to him. This was agreed upon by the Board.

Meeting was adjourned.



Secretary

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE RATIFYING CERTAIN CONTRACTS FOR CONSTRUCTION AND OPERATION OF A SOLID WASTE FACILITY IN BALTIMORE COUNTY AND AUTHORIZING THE ESTABLISHMENT OF A CORPORATE ACCOUNT FOR SUCH PROJECT.

WHEREAS, Maryland Environmental Service (the Service) has heretofore entered into a Contract with Baltimore County, Maryland dated December 12, 1973 (with Addendum dated February 5, 1974) and the Service in order to carry out its obligations under such Contract has entered into an Agreement with Teledyne National dated January 18, 1974 (with Addendum dated February 5, 1974); and

WHEREAS, the State of Maryland has approved a grant of monies to the Service under the Solid Waste Reclamation Loan Act of 1972 in an amount of \$2,000,000 or one-half of the cost of design and construction of the Project (whichever is less) to fund the State's share of Project Costs; and

WHEREAS, the Service will be receiving a portion of said grant monies before July 1, 1974 to pay for certain Project Costs,

NOW, THEREFORE, BE IT RESOLVED BY THE DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, AS FOLLOWS:

SECTION 1. THAT the aforementioned contracts be and are hereby ratified:

SECTION 2. THAT the Maryland Environmental Service is authorized to establish a separate corporate checking account with an appropriate title for the above designated Project.

SECTION 3. THAT Maryland National Bank (the Bank) is designated as a depository for such grant monies and said corporate account shall be opened and maintained with the Bank.

SECTION 4. THAT the Bank is directed to pay all checks, drafts, notes, acceptances or other orders for the payment of money, including those drawn to the individual order of a signer, from such account which are signed by the following persons:

Robert L. Chaney, Treasurer, and

Thomas D. McKewen, Director, or
Reed W. McDonagh, Deputy Director

(Two signatures required, one of which in any and all events shall be Robert L. Chaney, Treasurer).

and they are authorized to endorse all notes, drafts, checks, bills, certificates of deposit, or other instruments, owned or held by the Service for deposit in said account, or for collection by the Bank and that any and all endorsements made for or on behalf of the Service upon such checks, drafts, notes or instruments for deposit or collection made with the Bank may be by written or stamped endorsements of the Service without any designation of the person making such endorsement.

SECTION 5. THAT the names, titles and/or signatures of authorized signers may be superseded from time to time by the execution of a new Signature Card tendered to the Bank, properly certified by the Secretary.

SECTION 6. THAT the Secretary of the Service is authorized and directed to deliver and certify to the Bank a certified copy of this resolution and that the same is in conformity with the

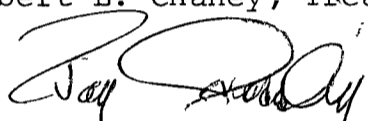
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Service's enabling legislation, together with a certificate or signature card setting forth the names and certifying to the signatures of the present officers of the Service and of persons other than officers who are authorized to sign as above set forth, and the Bank shall be free from all liability and fully protected in relying on such certifications of the Secretary and shall be indemnified and saved harmless from any claims, demands, expenses, attorney's fees, loss, damage or liability whatsoever resulting from, or growing out of, honoring the signature of any person so certified, or refusing to honor any signature not so certified until the actual receipt by the Bank of a written notice purporting to be under the seal of the Service and purportedly signed by the Director or Secretary of the Service notifying the Bank of any change of such officers or other authorized signers.

SECTION 7. THAT this Resolution shall take effect immediately upon its adoption.

Thomas D. McKewen, Director

Robert L. Chaney, Treasurer



Evan Crossley, Secretary

Directors

Date Adopted

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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MARYLAND ENVIRONMENTAL SERVICE AUTHORIZING THE
ESTABLISHMENT OF A CORPORATE ACCOUNT FOR THE
FREEDOM DISTRICT WASTEWATER TREATMENT PLANT
PROJECT.

WHEREAS, Maryland Environmental Service (the Service) has heretofore entered into a Contract with the Carroll County Sanitary Commission dated September 10, 1973 and the Service in order to carry out its obligations under such Contract has awarded a Contract for construction of said Project to Heer Brothers, Inc., a Maryland corporation on February 28, 1974; and

WHEREAS, the State of Maryland and the Environmental Protection Agency have approved grants of monies to the Service to fund 93.75% of the cost of said Project, with the remaining 6.25% to be funded by Carroll County; and

WHEREAS, the Service will be receiving a portion of said grant monies to pay for certain Project Construction Costs,

NOW, THEREFORE, BE IT RESOLVED BY THE DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, AS FOLLOWS:

SECTION 1. THAT the Maryland Environmental Service is authorized to establish a separate corporate checking account with an appropriate title for the above designated Project.

SECTION 2. THAT Maryland National Bank (the Bank) is designated as a depository for such grant monies and said corporate account shall be opened and maintained with the Bank.

SECTION 3. THAT the Bank is directed to pay all checks, drafts, notes, acceptances or other orders for the payment of money, including those drawn to the individual order of a signer, from such account which are signed by the following persons:

Robert L. Chaney, Treasurer, and

Thomas D. McKewen, Director, or
Reed W. McDonagh, Deputy Director

(Two signatures required, one of which in any and all events shall be Robert L. Chaney, Treasurer).

and they are authorized to endorse all notes, drafts, checks, bills, certificates of deposit in said account, or for collection by the Bank and that any and all endorsements made for or on behalf of the Service upon such checks, drafts, notes or instruments for deposit or collection made with the Bank may be by written or stamped endorsements of the Service without any designation of the person making such endorsement.

SECTION 4. THAT the names, titles and/or signatures of authorized signers may be superseded from time to time by the execution of a new signature card tendered to the Bank, properly certified by the Secretary.

SECTION 5. THAT the Secretary of the Service is authorized and directed to deliver and certify to the Bank a certified copy of this Resolution and that the same is in conformity with the Service's enabling legislation, together with a certificate or signature card setting forth the names and certifying to the signatures of the present officers of the Service and of persons other than officers who are authorized

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to sign as above set forth, and the Bank shall be free from all liability and fully protected in relying on such certifications of the Secretary and shall be indemnified and saved harmless from any claims, demands, expenses, attorney's fees, loss, damage or liability whatsoever resulting from, or growing out of, honoring the signature of any person so certified, or refusing to honor any signature not so certified until the actual receipt by the Bank of a written notice purporting to be under the seal of the Service and purportedly signed by the Director or Secretary of the Service notifying the Bank of any change of such officers or other authorized signers.

SECTION 6. THAT this Resolution shall take effect immediately upon its adoption.

Thomas D. McKewen, Director

Robert L. Chaney, Treasurer

Evan Crossley

Evan Crossley, Secretary

Date Adopted

Directors

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE AUTHORIZING THE TREASURER OF THE SERVICE IN THE ABSENCE OF THE DIRECTOR, TO SIGN REQUISITIONS PURSUANT TO SECTIONS 408, 508 and 608 OF THE CARROLL COUNTY SANITARY COMMISSION - MES CONTRACT DATED SEPTEMBER 10, 1973.

WHEREAS, Maryland Environmental Service (the Service) has heretofore entered into a Contract with the Carroll County Sanitary Commission dated September 10, 1973 for construction of the Freedom District Wastewater Treatment Plant in Carroll County; and

WHEREAS, pursuant to Sections 408, 508 and 608 of said Contract, the Service may by Resolution authorize one of its officers to sign requisitions on accounts established under the authority of said sections,

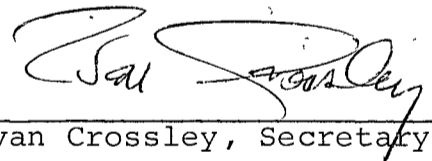
NOW, THEREFORE, BE IT RESOLVED BY THE DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, AS FOLLOWS:

SECTION 1. THAT the Treasurer of the Maryland Environmental Service, Mr. Robert Chaney, is hereby authorized in the absence of the Director of the Service, to sign requisitions on accounts established pursuant to the authority of Sections 408, 508 and 608 of the above referenced Contract.

SECTION 2. THAT this Resolution shall take effect immediately upon its adoption.

Thomas D. McKewen, Director

Robert L. Chaney, Treasurer



Evan Crossley, Secretary

Date Adopted

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Directors

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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE AUTHORIZING THE EXECUTION ON JUNE 13, 1974, OF THE BLUE PLAINS SEWAGE TREATMENT PLANT AGREEMENT.

WHEREAS, the District of Columbia, the Washington Suburban Sanitary Commission, and Fairfax County, Virginia executed, in October, 1970, a "Memorandum of Understanding on Washington Metropolitan Regional Water Pollution Control Plan" [referred to hereinafter as the 1970 Memorandum]; and

WHEREAS, the State of Maryland participated, by its representatives, in the discussions which preceded and led to the formulation of the 1970 Memorandum; and

WHEREAS, the District of Columbia, the Washington Suburban Sanitary Commission, Fairfax County, Virginia, and Loudoun County, Virginia executed an "Agreement: Blue Plains Interim Treatment Program", dated October 19, 1971 [hereinafter referred to as the 1971 Interim Agreement], implementing Paragraph No. 10 of the 1970 Memorandum; and

WHEREAS, the 1971 Interim Agreement states that it was executed with the advice and consent of the State of Maryland; and

WHEREAS, Point of Agreement No. 6 of the 1971 Interim Agreement provides that the State of Maryland, operating through the Maryland Environmental Service [hereinafter referred to as the Service], shall dispose of all sludge resulting from interim chemical treatment of sewage pursuant to that Agreement; and

WHEREAS, the District of Columbia is obligated, under Point of Agreement No. 6 of the 1971 Interim Agreement, to reimburse the Service its costs incurred in connection with the disposal of sludge pursuant to that Agreement; and

WHEREAS, the District of Columbia and the Service, on December 11, 1972, entered into an "Agreement for Sludge Processing and Disposal" which implemented, in part, Point of Agreement No. 6 of the 1971 Interim Agreement; and

WHEREAS, the Service established, pursuant to the Agreement of December 11, 1972, a sludge processing and disposal project at the Agricultural Research Center in Beltsville, Maryland; and

WHEREAS, the Service and the District of Columbia, on January 2, 1973, entered into an Agreement supplementing, clarifying, and modifying the Agreement of December 11, 1972; and

WHEREAS, the Service, the District of Columbia, and Organic Recycling, Inc. [hereinafter referred to as Organic], on February 4, 1974, executed an Agreement providing for installation and operation by Organic of a demonstration project, to be located at the Blue Plains Sewage Treatment Plant, Washington, D. C., and principally related to processing and disposal of chemically generated undigested sludge; and

WHEREAS, the Service has been created under the provisions of Article 33B of the Maryland Annotated Code (recodified in 1974 by the General Assembly as Title 3, Subtitle I of the new Natural Resources Articles); and

WHEREAS, the Service is a body politic and corporate of the State of Maryland having, among other things, the corporate

purposes of providing for treatment of liquid wastes and disposal of solid wastes, including wastewater treatment residue; and

WHEREAS, the Service has the right and power to enter into all contracts and agreements as the Service, by its Board of Directors [hereinafter referred to as the Board], determines necessary or incidental to the execution of its purposes of providing for treatment of liquid wastes and disposal of solid wastes; and

WHEREAS, the Board has determined that execution by the Service of a new contract, entitled "Blue Plains Sewage Treatment Plant Agreement", which shall supplement the 1970 Memorandum and the 1971 Interim Agreement, is, among other things, necessary and incidental to the performance of the responsibilities of the Service regarding the disposal of solid wastes; and

WHEREAS, the Board recognizes that the new "Blue Plains Sewage Treatment Plant Agreement" is necessary and incidental to settlement of the dispute between the parties to the 1970 Memorandum and the 1971 Interim Agreement which resulted in the suit, State Water Control Board v. Washington Suburban Sanitary Commission, Civil Action No. 1813 (D.D.C., filed Sept. 24, 1973); and

WHEREAS, the Board has determined that execution by the Service of the new "Blue Plains Sewage Treatment Plant Agreement" is necessary and incidental to the performance of certain activities of the Service regarding the treatment of liquid wastes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, AS FOLLOWS:

FIRST, THAT the Board has reviewed and approves of the provisions of the draft "Blue Plains Sewage Treatment Plant Agreement", attached hereto, particularly the covenants regarding "Sludge Management" appearing in Section 8 of the draft Agreement, subject to the interpretations and qualifications expressed by Warren K. Rich, Special Assistant Attorney General, State of Maryland, in a letter to James E. Ryan, Jr., Assistant Attorney General, State of Virginia, dated June 5, 1974 and attached hereto;

SECOND, THAT the Board hereby authorizes and directs Thomas D. McKewen, in his capacity as Director of the Service, to sign the final "Blue Plains Sewage Treatment Plant Agreement" on behalf of the Board and the Service, and to obligate the Service and accept obligations from parties to the Agreement on behalf of the Service; provided, that the provisions of the final Agreement are substantially and materially consistent with the provisions of the draft Agreement attached hereto;

THIRD, THAT this Resolution constitutes the written consent of the Board to take the action, embodied in this Resolution, without a formal meeting of the Board;

FOURTH, THAT this Resolution shall take effect immediately upon its adoption.

Date

Thomas D. McKewen, Director

Date

Robert L. Chaney, Treasurer

Date

Evan Crossley, Secretary

Directors

Date Adopted

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Maryland Environmental Service - Board of Directors

July 12, 1974

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 2 p.m. on Friday, July 12, 1974, by the Director, Thomas D. McKewen.

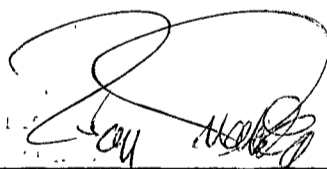
Board Members Present: Thomas D. McKewen, Director
Robert Chaney, Treasurer
Evan Crossley, Secretary

Staff Members Present: Reed W. McDonagh, Deputy Director
Pamela R. Bryant
Harold Wright, Fiscal Officer
Edward F. Lawson, Special Asst.
Attorney General
Warren K. Rich, Assistant Attorney
General
Richard E. Rice
Gloria L. Larese-Casanova, Legal
Secretary

Also Present: Theodore Berger, Regional Vice
President, Maryland National Bank
Glenn Hall, Vice President and Manager
Maryland National Bank
Edward Lett
Edward Clarke, Piper & Marbury
(Counsel to Md. National Bank)
Gordon Calvert, Piper & Marbury
(Counsel to Md. National Bank)

A Resolution authorizing and providing for the issuance by Maryland Environmental Service of its revenue bond designated "Wastewater Treatment Revenue Bond, 1974 Series" in the principal amount of \$325,000 was presented to the Board by Edward Clarke of Piper & Marbury, counsel to the Maryland National Bank. Discussion was held concerning the Resolution.

Mr. Robert Chaney moved the adoption of the Resolution as presented to the Board. Mr. Evan Crossley seconded the motion. The Board unanimously passed the following Resolution:



Secretary

RESOLUTION

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A RESOLUTION authorizing and providing for the issuance by Maryland Environmental Service of its revenue bonds, each of which shall be designated "Wastewater Treatment Revenue Bond, 1974 Series", pursuant to the provisions of Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974) in order to temporarily finance a wastewater purification project as set forth in an agreement between Maryland Environmental Service and Carroll County Sanitary Commission dated September 12, 1973 providing, among other things, for the reception and treatment of liquid wastes in order to reduce pollution of the environment within the State of Maryland; making certain findings among others, concerning the public benefit and purpose of the revenue bonds; providing that such revenue bonds (i) shall constitute general obligations of the Service as provided by Section 3-115 of the Act, the principal of which shall be payable from revenue derived from payments to the Service under a grant agreement with the Environmental Protection Agency of the United States of America (Grant No. C-240311), as amended, and under the contract dated September 12, 1973 with Carroll County Sanitary Commission, and (ii) shall not ever constitute a debt or a pledge of the faith and credit or the taxing power of the State of Maryland or of any political subdivision thereof; providing that the interest on such revenue bonds shall be paid from moneys set aside and pledged by the Service as provided in this Resolution; providing that neither the Service nor the State of Maryland nor any political subdivision thereof shall be obligated to pay the same or the interest thereon except from revenues or other moneys of the Service available therefor; prescribing the terms, conditions, security, form and tenor of such bonds; authorizing the private sale of such bonds; providing that Maryland National Bank, purchaser of such revenue bonds, shall act as Trustee under this Resolution as a Trustee for all moneys received by the Service hereunder; providing that such revenue bonds may be issued, from time to time, by the Director of the Service in such amounts as may be necessary to make punctual payment of the costs of such wastewater purification project, the maximum aggregate amount of such revenue bonds to be outstanding at any one time under this Resolution being limited to \$550,000; establishing the issue date, maturity date, interest rate and provisions for exchange for the initial series of such revenue bonds; providing the conditions for the issuance of additional series of such revenue bonds; authorizing the Director of the Service to establish the issue date, maturity date, interest rate or rates and provisions for exchange for additional series of such revenue bonds within the limitations provided in this Resolution; providing for the delivery of such bonds; creating an Escrow Fund to be held by the Trustee as Escrow Agent and providing for the deposit of the bond proceeds in such Escrow Fund and the disbursement thereof; creating a Bond Fund and providing for the deposit of certain moneys received by the Service in the Bond Fund, such Bond Fund to be a trust fund pledged solely for the security of the holders of such revenue bonds; providing for the investment of the moneys held by the Trustee; providing remedies in the event of default; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

RECITALS

By Chapter 4 of the Laws of Maryland of 1973 - First Extraordinary Session, the General Assembly of Maryland enacted Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974), which reenacted, with revisions, Sections 1 to 33, both inclusive, of Article 33B of the Annotated Code of Maryland (1971 Replacement Volume and 1973 Cumulative Supplement). Such Sections 3-101 to 3-131, both inclusive, are hereinafter collectively referred to as the "Act." The

Service was created by, exists under, and exercises the powers contained in, the Act, including (among others) the power (i) to borrow money and to issue bonds or notes for the purpose of paying all or any part of the cost of any one or more projects and to secure the payment of such bonds or notes or any part thereof by pledge or deed of trust of all or any part of its revenues or other available money, and in general to provide for the security for such bonds or notes and the rights of the holders thereof; (ii) to enter into contracts with the Federal or any state government or any unit, instrumentality, or subdivision thereof, or with any municipality or person within or without the State of Maryland, providing for or relating to the furnishing of services to or the facilities of any project of the Service, or in connection with the services or facilities provided by any water supply project, solid waste disposal project or wastewater purification project owned or controlled by the other contracting party, including contracts for the construction and operation of any project which is in this State or in an adjoining state; and, (iii) to make application for, receive, and accept from any state or Federal government, or any unit, instrumentality, or subdivision thereof, grants for or in aid of the planning, financing, construction, acquisition, maintenance or operation of any project, and to receive and accept aid or contributions from any source of money, property, labor, or other things of value, to be held, used, and applied only for the purpose for which the grants and contributions are made in furtherance of the purposes of the Act.

The Service has determined to issue its revenue bonds to temporarily finance a wastewater purification project in order to fulfill, in part, its obligations under an agreement between the Service and Carroll County Sanitary Commission dated September 12, 1973 and thus assist in the control and reduction of pollutant levels in the Patapsco River, the bed of which lies entirely within the State of Maryland.

On September 12, 1973, Maryland Environmental Service ("Service") entered into an agreement with Carroll County Sanitary Commission ("Commission") in regard to the reception and treatment of liquid wastes and the construction of a wastewater purification project in connection therewith. On July 20, 1973, the Maryland Environmental Service executed a grant agreement with the Environmental Protection Agency of the United States of America providing for the granting by such agency of moneys to the Service in order to finance the construction of the wastewater purification project which would implement the agreement with the Commission dated September 12, 1973. Such grant agreement had been executed on behalf of the Environmental Protection Agency on June 29, 1973. Such grant agreement was amended by a grant amendment executed on behalf of the Environmental Protection Agency on March 20, 1974 and on behalf of the Service on March 26, 1974. Such grant agreement and grant amendment together provide for a grant in the aggregate amount of \$2,879,100 and are referred to herein collectively as the "Grant Agreement."

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF MARYLAND ENVIRONMENTAL SERVICE:

Section 1: That, acting pursuant to the Act, it is hereby found and determined that implementation of the wastewater purification project in accordance with the Service Contract and the Grant Agreement will result in dependable, effective and efficient disposal of liquid wastes generated in the Freedom District of Carroll County, Maryland, and by Springfield State Hospital and Maryland Consolidated Laundry, both institutions of the State of Maryland; improvement of the quality of water resources in the Patapsco River basin; and, promotion of the health and welfare of the citizens of the State of Maryland.

Section 2: That, the issuance, sale and delivery of Wastewater Treatment Revenue Bonds, 1974 Series (the "Bonds"), are hereby authorized, subject to the provisions of this Resolution, such Bonds to constitute general obligations of the Service as provided by Section 3-115 of the Act, payable from and secured by the Pledged Receipts (hereinafter defined).

It is hereby found and determined that the best interests of the Service will be served by selling the Bonds at private sale, as authorized by the Act, upon terms and conditions approved hereinafter. In view of the unique nature of the temporary financing required for this wastewater purification project, a public sale of the Bonds would be impracticable and could result in a substantially higher interest rate.

The Bonds shall be issued, from time to time, in series, in order to provide sufficient moneys to the Service to meet obligations incurred by the Service in connection with the construction of the wastewater purification project constituting the project being financed. Each series of Bonds shall be appropriately designated by a letter following the word "Series" in its designation so that each Bond of the initial series of Bonds issued pursuant to this Resolution (the "Series A Bonds") shall be designated "Wastewater Treatment Revenue Bond, 1974 Series A" and each Bond of the next series of Bonds shall be designated "Wastewater Treatment Revenue Bond, 1974 Series B."

Section 3: That, the Series A Bonds shall be dated July 15, 1974 and shall mature on October 14, 1974. The Series A Bonds shall bear interest at the rate of six and one-half per centum (6 1/2%) per annum and shall be redeemable at any time upon not less than seven (7) calendar days written notice given by the Service to the Bank, without premium or prepayment penalty, upon payment of the principal amount of the Series A Bonds being prepaid, plus interest accrued on such Series A Bonds to the date of prepayment.

Section 4: That, the Director of the Service be and he is hereby authorized to determine the amount, issue date, interest rate, maturity date and provisions for exchange for any series of Bonds issued subsequent to the Series A Bonds; provided, however, that the interest rate payable on such Bonds shall in no event exceed a percentage determined by adding 1% to 50% of the Bank's prime rate on the date the Director gives notice to the Bank of the intended issuance of such subsequent series as hereinafter required.

Upon determining that it is necessary or desirable in order to effect the financing of the project contemplated hereby to issue an additional series of Bonds, the Director shall give not less than ten (10) business days' written notice to the Bank of the designated date of issuance of such additional series. Such notice shall also designate the series of Bonds to be issued by appropriate letter designation as hereinabove provided and the maturity date of such series of Bonds, which date shall be the 90th day following the date of such series or, in the event such date falls upon a legal holiday, on the next business day subsequent to such legal holiday.

Upon receiving the required written notice of the Service's intention to issue an additional series of Bonds, the Bank shall notify the Service on or before the date which is five (5) business days prior to the designated date of issue of such subsequent series of the following: (i) the Bank's proposal (if any) to purchase such subsequent series of Bonds at par at an interest rate to be designated by the Bank, and (ii) a statement of any additional security which the Bank requires in connection with the purchase of

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such subsequent series of Bonds as a result of the necessity to make adequate provision for the payment of interest on such subsequent series of Bonds; the then existing financial condition of the Service or other relevant considerations such as (without limitation) the actual and projected receipt of funds by the Service under the Grant Agreement and the Service Contract.

Upon acceptance of the terms proposed by the Bank for any such subsequent series of Bonds, the Director shall execute a written order which shall specify the issue date, interest rate, maturity date, provisions for exchange and such other matters as he may deem necessary or appropriate to provide any additional security requested by the Bank for such series.

Section 5: That, the Series A Bonds are hereby sold at private sale to Maryland National Bank at the par or face amount thereof and the Director, Secretary and other appropriate officers and employees of the Service be and they are hereby authorized and directed to execute and deliver any and all certificates and documents that may be necessary or deemed by them to be desirable in connection with the delivery of the Series A Bonds.

Section 6: That, the Bonds are to be issued and delivered, and all receipts subject to or to become subject to this Resolution, including the Pledged Receipts (hereinafter defined), are to be held and applied upon and subject to the following covenants, conditions, uses and trusts; and the Service, for itself and its successors; does hereby covenant and agree to and with the Bank, in both its capacity as purchaser of the Bonds and as Trustee and with all those who shall, from time to time, hold the Bonds, or any of them, for the benefit of all such holders, as follows:

ARTICLE I.

DEFINITIONS

The terms defined in this Article I shall, for all purposes of this Resolution and of all resolutions supplemental hereto now or hereafter entered into in accordance with the provisions hereof, have the meanings specified herein unless the context clearly otherwise requires:

Act:

"Act" shall mean Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974), and all future acts supplemental thereto or amendatory thereof.

Administration Expenses:

"Administration Expenses" shall mean the reasonable and necessary expenses incurred with respect to the Grant Agreement, the Service Contract, this Resolution and the financing of the Project; including without limitation (i) any expenses incurred by the Bank in its capacity as Trustee and Escrow Agent under this Resolution and (ii) legal expenses of the Bank in connection with the purchase of the Bonds.

Agency:

"Agency" shall mean the Environmental Protection Agency, an agency of the United States of America, and its successors and assigns.

Authorized Service Representative:

"Authorized Service Representative" shall mean a person at the time designated to act on behalf of the Service by written certificate furnished to the Bank (or any other holder, from time to time, of the Bonds) and the Trustee, containing the specimen

signature of such person, and signed on behalf of the Service by its Director or Deputy Director, and its Secretary.

Bank:

"Bank" shall mean Maryland National Bank, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns.

Bond or Bonds:

"Bond" or "Bonds" shall mean the Bond or Bonds of the Service designated "Wastewater Treatment Revenue Bond, 1974 Series" authenticated and delivered under this Resolution, or the Bonds for which the Bonds may be exchanged in accordance with this Resolution.

Bond Fund:

"Bond Fund" shall mean the fund created under Section 5.01 of this Resolution.

Commission:

"Commission" shall mean the Carroll County Sanitary Commission, a public body corporate and politic of the State of Maryland, created under and by virtue of Sections 439 A to 439 AA, both inclusive, of the Code of Public Local Laws of Carroll County (1965 Edition), being Article 7 of the Code of Public Local Laws of Maryland, and its successors and assigns.

Counsel:

"Counsel" shall mean an attorney at law satisfactory to the Bank.

Escrow Agent:

"Escrow Agent" shall mean the Trustee acting in its capacity as Escrow Agent having custody and control of the Escrow Fund as provided in Article IV of this Resolution.

Escrow Fund:

"Escrow Fund" shall mean the fund created and held by the Escrow Agent as provided in Section 4.01 of this Resolution.

Grant Agreement:

"Grant Agreement" shall mean the grant agreement (Grant No. C-240311) by and between the Agency and the Service, executed on behalf of the Agency on June 29, 1973 and on behalf of the Service on July 20, 1973, as amended by the grant amendment executed on behalf of the Agency on March 20, 1974 and on behalf of the Service on March 26, 1974.

Pledged Receipts:

"Pledged Receipts" shall mean (i) the payment to be made by the Service pursuant to Section 3.02(i) of this Resolution, (ii) all payments to be made by the Agency to the Service pursuant to the Grant Agreement, (iii) all payments to be made by the Commission to the Service under the Service Contract, (iv) any payment or pledge made by the Service pursuant to Sections 3.03(i) and (ii) of this Resolution, and (v) any other revenues or moneys of the Service available therefor and not otherwise pledged, subject only to any agreement with the holders of particular obligations of the Service pledging any particular revenues or moneys.

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Project:

"Project" shall mean the wastewater purification project of the Service described as the "Plant Project" in the Service Contract, and related improvements and any substitutions therefor, to be acquired by the Service and to be financed, in part, under the Grant Agreement, the Service Contract and this Resolution for operation by the Service as a wastewater purification project as defined in the Act.

Resolution:

"Resolution" shall mean this Resolution and any resolution supplemental hereto or amendatory hereof and any resolution adopted pursuant hereto.

Series A Bonds:

"Series A Bonds" shall mean the initial series of bonds authorized by Section 2.02 hereof.

Service:

"Service" shall mean the Maryland Environmental Service, a body politic and corporate, constituting an instrumentality of the State of Maryland created by the Act and performing an essential governmental function of such State.

Service Contract:

"Service Contract" shall mean the agreement entitled "Contract Between Carroll County Sanitary Commission and Maryland Environmental Service" dated September 12, 1973, entered into by and between the Commission and the Service.

Trustee:

"Trustee" shall mean the Bank, in its capacity as such Trustee, and its successor or successors as Trustee hereunder.

In addition, unless the context or use indicates another or different meaning or intent, all words and terms not defined in this Article I shall have the same meanings, respectively, in this Resolution and with respect to the Bonds authorized hereby, as are given to such words and terms by Section 3-101 of the Act.

ARTICLE II

AUTHORIZATION AND DESCRIPTION OF BONDS

Section 2.01. The Service shall be obligated to pay the principal of and interest on the Bonds out of the Pledged Receipts pledged for the payment thereof under this Resolution.

Section 2.02. There is hereby created for issuance under this Resolution a series of revenue Bonds in the aggregate principal amount of \$325,000-----, to be evidenced by a single Bond which shall bear the descriptive title "Maryland Environmental Service Wastewater Treatment Revenue Bond, 1974 Series A". This Series A Bond shall be dated July 15, 1974; shall be issued as a fully registered Bond without coupons in the denomination of \$325,000, exchangeable, upon not less than thirty (30) days' prior written notice by the holder thereof, for coupon Bonds in the denomination of \$5,000 each, registrable as to principal only, or for fully registered Bonds without coupons in the denomination of \$5,000 or any multiple thereof; and shall bear interest from its date at the rate of six and one-half per centum (6 1/2%) per annum, such interest being payable at maturity on October 14, 1974. This Series A Bond shall be payable on October 14, 1974.

Section 2.03. The Bonds shall be substantially in the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. All the Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto. The registered Bonds without coupons of the Series A Bonds shall be numbered No. "RA-1" upwards and the Bonds of subsequent series shall be numbered "RB-1", "RC-1", and so forth.

The principal of and interest on the Bonds shall be paid in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts at the principal office of the Trustee in Annapolis, Maryland, or at the principal office of its successor as Trustee.

UNITED STATES OF AMERICA
STATE OF MARYLAND
MARYLAND ENVIRONMENTAL SERVICE

No. R -1

\$

WASTEWATER TREATMENT REVENUE BOND, 1974 SERIES _____

Maryland Environmental Service, a body politic and corporate constituting an instrumentality of the State of Maryland, organized and existing under and by virtue of the laws of the State of Maryland (the "Service"), for value received, hereby promises to pay to Maryland National Bank or its registered assigns, the principal amount of \$ _____ on _____, if not sooner paid, with interest thereon at the rate of _____ per centum (_____ %) per annum from _____, until the principal amount hereof is paid, such interest being payable on _____.

Payment of the principal and the interest on this revenue bond shall be made in lawful money of the United States of America at the principal office of Maryland National Bank in Annapolis, Maryland.

This revenue bond has been duly issued by the Service under and pursuant to the laws of the State of Maryland, particularly the Maryland Environmental Service Act contained in Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974), and pursuant to a resolution adopted by the Board of Directors of the Service on July 12, 1974 [as supplemented by a written order of the Director of the Service dated _____, 197] (the "Resolution").

This revenue bond represents a series of revenue bonds constituting general obligations (as provided by the Act and to the extent permitted by the Constitution of the State of Maryland) of the Service payable from and secured by a pledge of, equally and ratably with all other revenue bonds of this series, the "Pledged Receipts", as such term is defined in the Resolution, to include (among other items) (i) the payments to be made by the Environmental Protection Agency pursuant to Grant Agreement No. C-240311; as amended by a Grant Amendment executed by the Environmental Protection Agency on March 20, 1974 and by the Service on March 26, 1974 (together, the "Grant Agreement"); (ii) the payments to be made by Carroll County Sanitary Commission pursuant to a contract dated September 12, 1973, between Carroll County Sanitary Commission and the Service (the "Service Contract"); and (iii) any other revenues

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or moneys of the Service available therefor and not otherwise pledged, subject only to any agreements with the holders of particular obligations of the Service pledging any particular revenues or moneys.

Payments of principal and interest hereon shall be made upon presentation of this revenue bond to the Trustee.

This revenue bond shall be registered as to principal and interest on the books of the Service to be kept for that purpose at the principal office of the Trustee and such registration shall be noted hereon. This revenue bond shall be transferrable only upon said books at said office by the registered holder hereof in person or by his duly authorized attorney.

[Provisions for exchange of Bonds to be inserted here.]

Reference is hereby made to the resolution of the Board of Directors of the Service adopted on July 12, 1974, [and to a written order of the Director of the Service dated 197] for a full and complete statement of the provisions, among others, with respect to the custody and application of the proceeds of this revenue bond, the disposition of the Pledged Receipts pledged as security for the payment of this revenue bond and the interest thereon, the nature and extent of the security and the rights of the holder of this revenue bond, the terms and conditions on which, and the purposes for which, this revenue bond is issued and the rights, duties and obligations of the Service and the Trustee thereunder, to all of which the holder thereof, by acceptance of this revenue bond assents.

In case an "Event of Default", as defined in Article VIII of the Resolution, shall occur, the principal of this revenue bond shall become due and payable, without notice to the Service or other procedural requirement.

Prepayment of all or any portion of the principal of this revenue bond is permitted, without payment of any redemption premium or penalty, if written notice of any such prepayment is given by the Service to the holder of this revenue bond not less than seven (7) calendar days prior to the date of such prepayment.

This revenue bond shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of Maryland or of any political subdivision thereof, but such revenue bond shall be payable solely from the Pledged Receipts. Neither the Service nor the State of Maryland nor any political subdivision thereof shall be obligated to pay this revenue bond or the interest thereon except from such Pledged Receipts and neither the faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof is pledged to the payment of the principal of or the interest on such revenue bond.

No covenant or agreement contained in this revenue bond or the Resolution shall be deemed to be a covenant or agreement of any officer, agent or employee of the Service in his individual capacity, and neither the members of the Board of Directors of the Service nor any official executing this revenue bond nor any officer of the Service shall be liable personally on this revenue bond or be subject to any personal liability or accountability by reason of the issuance of this revenue bond.

This revenue bond shall not be entitled to any benefit under the Resolution, or be valid or become obligatory for any purpose, until this revenue bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

It is hereby certified and recited by the Service that all acts, conditions and things necessary to be done, precedent to and in the issuance of the revenue bonds of the series of which this bond is a part in order to make them the legal, valid and binding obligations of the Service in accordance with their terms, have been done, have happened, and have been performed in regular and due form as required by law, and that the issuance of such revenue bonds does not exceed or violate any constitutional, statutory or other limitation (including, without limitation, contractual limitations of any sort whatsoever) upon the amount of the indebtedness prescribed for the Service by law, and that the Pledged Receipts are available for pledge and may be legally pledged by the Service and have been so pledged, this revenue bond being intended as a confirmation of the existence and effect of such pledge.

IN WITNESS WHEREOF, the Director of Maryland Environmental Service has manually executed this revenue bond on behalf of Maryland Environmental Service and has caused its seal to be attached hereto and attested by the manual signature of its Secretary, all as of the _____ day of _____, 197 .

ATTEST: _____ MARYLAND ENVIRONMENTAL SERVICE

Secretary By _____
Director

(SEAL)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered revenue bonds without coupons designated "Wastewater Treatment Revenue Bond, 1974 Series _____," described in the resolution of the Board of Directors of the Service adopted on July 12, 1974.

MARYLAND NATIONAL BANK,
as Trustee

By _____
Authorized Officer

Section 2.04. The Bonds shall be executed on behalf of the Service by the manual signature of its Director and its corporate seal shall be thereunto affixed and attested by the manual signature of its Secretary.

If any of the officers who shall have signed or sealed a Bond shall cease to be such officer of the Service before the Bond so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Service, such signature shall nevertheless be valid and sufficient for all purposes the same as

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if he had remained in office until delivery and such Bond may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bond had not ceased to be such officer or officers of the Service; and also a Bond may be signed and sealed on behalf of the Service by those persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Service, although at the nominal date of such Bond any such person shall not have been such officer of the Service.

ARTICLE III

DELIVERY OF BONDS

Section 3.01. The principal amount of Bonds which may be executed by the Service and authenticated and delivered by the Trustee and be outstanding and secured by this Resolution at any one time is limited to \$550,000 aggregate principal amount. This Resolution creates and shall constitute a continuing, irrevocable and exclusive claim upon and pledge of the Pledged Receipts to the extent provided in this Resolution, to secure the full and final payment of the principal of and interest on the Bonds.

Section 3.02. The Series A Bonds shall forthwith be executed by the Service and delivered to the Trustee for authentication and thereupon shall be authenticated by the Trustee and delivered to or upon the order of the Director of the Service or the Deputy Director of the Service, such order to be sealed with the seal of the Service, but only upon (i) the deposit of \$5,398.61---by the Service in the Bond Fund and (ii) the receipt by the Trustee of the proceeds of sale of the Series A Bonds, namely, \$325,000-----, for deposit to the credit of the Escrow Fund.

Section 3.03. All series of Bonds subsequent to the Series A Bonds, the details of which have been designated by written order of the Director of the Service pursuant to Sections 2 and 4 of this Resolution, shall be executed by the Service and delivered to the Trustee for authentication and thereupon such Bonds shall be authenticated by the Trustee and delivered to or upon the order of the Director of the Service or the Deputy Director of the Service, such order to be sealed with the seal of the Service, but only upon (i) the deposit by the Service in the Bond Fund of such amount (if any) as may be specified by the Bank pursuant to Section 4 of this Resolution as additional security required by the Bank in connection with the purchase of such subsequent series of Bonds, (ii) the furnishing of any other additional security required by the Bank pursuant to Section 4 of this Resolution, and (iii) the receipt by the Trustee of the proceeds of sale of such subsequent series of Bonds for deposit to the credit of the Escrow Fund in an amount not less than the aggregate principal amount of such subsequent series of bonds.

ARTICLE IV

ESCROW FUND

Section 4.01. There is hereby created an Escrow Fund to be held by the Trustee as Escrow Agent. The proceeds from the sale by the Service of any series of Bonds shall be paid to the Trustee, and the Trustee shall deposit the same in the Escrow Fund to be held by the Trustee in accordance with the provisions of this Article IV until applied in payment of any item of the cost of the Project.

Section 4.02. The Trustee as Escrow Agent shall make payments from the Escrow Fund to pay the cost of the Project upon

the receipt by the Escrow Agent from time to time of requisitions signed by an Authorized Service Representative, stating with respect to each payment to be made (1) the requisition number, (2) the name and address of the person, firm, or corporation (which may be the Service) to whom payment is due, (3) the amount to be paid, (4) the purpose for which the obligation to be paid was incurred, and (5) that each obligation, item of cost, or expense mentioned therein has been properly incurred, is a proper charge against the Escrow Fund as a cost of the Project, is a reimbursable cost under the terms of the Grant Agreement, and has not been the basis of any previous withdrawal; provided, however, that the Escrow Agent shall make no payment from the Escrow Fund without the prior written consent of the Bank in its capacity as registered owner of the Bond, if the Trustee shall be advised or acquire knowledge of any facts affecting either the future flow of payments by the Agency or the Commission for the Project or any other material financial aspect of the Project which indicates that the Service will not be able to provide for any payment of principal of or interest on the Bonds when due (such facts shall include, without limitation, the non-availability of funds to the Agency or the Commission caused by the failure of any appropriation or otherwise or an anticipated refusal or delay by the Agency or the Commission to pay any money over to the Service under the Grant Agreement or the Service Contract, respectively).

Section 4.03. At any time prior to the payment of all moneys from the Escrow Fund, the Service may direct the Escrow Agent to pay all or any part of the balance in the Escrow Fund to the Bank as a payment to reduce the principal amount of the Bonds; provided, however, that the Service shall be entitled to credit for any earnings actually realized on such moneys prior to such application.

Section 4.04. In the event that the Service fails to make any payment of principal or interest on the Bonds, when due, the Trustee is hereby directed in its capacity as Escrow Agent to apply the balance of any moneys then on deposit in the Escrow Fund to the payment of outstanding and unpaid principal on the Bonds. The Trustee is hereby authorized and directed to make any and all transfers, and to effect any and all transactions, to carry out the direction of this paragraph, which is intended to provide additional security to the Bank as purchaser of the Bonds.

No further action by the Service shall be required to authorize the Bank to take the action authorized by this Section and the Service hereby covenants and agrees to indemnify the Bank, its agents, servants and employees, from any and all cost, expense, damages, liabilities, or obligations that may result from the exercise by the Bank of its rights as registered owner of the Bond and of its duties as Escrow Agent pursuant to this Section of the Resolution.

ARTICLE V

APPLICATION OF RECEIPTS AND REVENUES

Section 5.01. There is hereby created a Bond Fund, which shall be held by the Trustee as a trust fund for the further security of the holders from time to time of the Bonds, from time to time. The Service hereby assigns, transfers and sets over to the Trustee all the Pledged Receipts of the Service from the Project; including (without limitation) all payments to the Service under the Grant Agreement and the Service Contract, and the Service hereby directs payment to the Trustee of any and all amounts payable to the Service under the terms of the Grant Agreement and the Service Contract. It is intended that (i) the Bond Fund function as a sinking fund for the payment of the principal of and interest on the Bonds and (ii) the provisions of Section 3-119(b) of the

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Act apply to the Bond Fund and the Pledged Revenues to the full extent authorized by Section 3-119(b).

Section 5.02. If at any time there occurs an Event of Default as defined in Article VIII of this Resolution, the moneys deposited from time to time by the Trustee in the Bond Fund shall be applied by it without further authorization from the Service as follows:

(a) to make payments of principal and interest on the bonds and

(b) to pay from time to time such amounts as may be necessary to pay or provide for Administration Expenses.

Section 5.03. The Trustee shall also pay from the Bond Fund all Administration Expenses. The Service shall pay into the Bond Fund, as required, from any moneys available to the Service for such purpose, an amount sufficient to pay such Administration Expenses as the same become due and payable.

ARTICLE VI

SECURITY FOR AND INVESTMENT OF MONEYS

Section 6.01. All moneys from time to time received by the Trustee or by the Escrow Agent and held in any fund created under this Resolution or otherwise shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds. Moneys in the Escrow Fund shall be invested as provided in this Article VI unless the Trustee shall be furnished an opinion of counsel that moneys in the Escrow Fund are not subject, as proceeds of the Bonds, to (i) any provisions of Maryland law prescribing permitted investments for Bond proceeds or (ii) Section 103(d) of the Internal Revenue Code and the applicable regulations thereunder.

Section 6.02. All moneys received by the Trustee hereunder and not invested by the Trustee pursuant to the provisions of Section 6.03 hereof, to the extent not insured by the Federal Deposit Insurance Corporation, shall continuously be secured, for the benefit of the Service and the holders of the Bonds from time to time, as required by law.

Section 6.03. Moneys on deposit to the credit of the Bond Fund, and (to the extent provided above, the Escrow Fund) may be retained uninvested as trust funds and shall, upon receipt from time to time of a certificate of the Service so directing, be either deposited (but only after security required by law shall be given) by the Trustee in interest-bearing deposit accounts (which may be represented by certificates of deposit) in one or more national or state banks (which may include the Trustee) having a combined capital and surplus of not less than \$10,000,000 or (if and to the extent then permitted by law) invested by the Trustee in direct obligations of, or obligations guaranteed by, the United States of America, or the State of Maryland, or in obligations of the Federal National Mortgage Association, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks or Federal Home Loan Banks or as otherwise permitted by law.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund and, for the purpose of determining the amount of money in such Fund, the securities therein shall be valued at their cost or market, whichever is lower. The Trustee shall not be liable or responsible for any loss resulting

from any such investment or resulting from the redemption or sale of any such investment as herein authorized. If at any time it shall become necessary that some of or all the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Resolution; the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

The Service covenants that it will not make, or permit the Trustee to make, any use of the proceeds of the Bonds or of any moneys on deposit to the credit of the Bond Fund or the Escrow Fund which may be deemed to be proceeds of the Bonds pursuant to Section 103(d) of the Internal Revenue Code and the applicable regulations thereunder which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of said Section and said regulations, and that it will comply with the requirements of said Section and said regulations, as the same may be amended from time to time; so long as any of the Bonds remain outstanding.

Section 6.04. Any balance in any of the Funds created under this Resolution or otherwise held by the Trustee after the Bonds issued hereunder and secured hereby, together with the interest thereon, have been paid in full and all amounts due to the Trustee (including amounts due as Administration Expenses) have been paid, shall be paid over to the Service, unless it is in default hereunder, in which case the balance shall be paid over to the person or persons determined to be legally entitled to the same.

ARTICLE VII

PARTICULAR COVENANTS OF THE SERVICE

Section 7.01. The Service will promptly pay the principal of, and the interest on, the Bonds issued hereunder and secured hereby at the place, on the dates and in the manner specified herein and in said Bonds, according to the true intent and meaning thereof. As provided by Section 3-115 of the Act, the Bonds shall constitute general obligations of the Service (to the extent permitted by the Constitution of the State of Maryland and the Act), payable primarily from the Pledged Receipts.

Section 7.02. The Service will at all times maintain its corporate existence or assure the assumption of its obligations under this Resolution by any public body succeeding to its powers under the Act, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project and the Bonds.

Section 7.03. So long as any of the Bonds are outstanding, the Service will enforce the obligation of the Agency and the Commission to pay, or cause to be paid, all the payments and other costs and charges payable by the Agency and the Commission under the Grant Agreement and the Service Contract, respectively. The Service will not enter into any agreement with the Agency or the Commission amending the Grant Agreement or the Service Contract, respectively, without the prior written consent of the Bank.

Section 7.04. The Service will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Resolution.

Section 7.05. Except for the contemplated assignment to the Bank, the Service will not sell, lease or otherwise dispose of or encumber its interest in the Grant Agreement or the Service Contract or any of the payments or receipts derived therefrom,

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and will promptly pay or cause to be discharged or make adequate provision to satisfy and discharge any lien or charge on any part of such payments or receipts.

Section 7.06. The Service covenants that, in order to perfect the interest of the Trustee in the payments to be made under the Grant Agreement and the Service Contract, appropriate financing statements, naming the Trustee as assignee of the contract rights represented by the Grant Agreement and the Service Contract, will be filed in the appropriate state and county offices as required by the provisions of the Uniform Commercial Code, as amended. The Service and the Trustee will file such necessary continuation statements from time to time as may be required pursuant to the provisions of said Uniform Commercial Code to protect the interest of the Trustee and the Bank as registered owner of the Bonds.

Section 7.07. The Service covenants that it will annually provide the Bank a copy of the Service's annual financial statement as prepared and certified by an independent certified public accountant, as soon as practicable following the last day of the Service's fiscal year.

Section 7.08. The Service represents that the schedule previously furnished to the Bank giving the estimated revenues under the Grant Agreement and the Service Contract and dates of receipt thereof by the Service, and the estimated payouts to meet costs of the Project and the dates thereof, is true and correct to the best of the knowledge of the Service. The Service further covenants that it will notify the Bank in writing if any information or facts stated in such schedule have changed, or will (in the reasonable expectation of the Service) be subject to change, such notice to be given within ten (10) calendar days of the receipt of any information or basis for belief by the Service.

Section 7.09. The Service covenants that it will comply with any and all requirements of the Act, the Grant Agreement and the Service Contract.

ARTICLE VIII

DEFAULT

Section 8.01. An "Event of Default" shall be deemed to have occurred if (i) the Service shall default in the due and punctual payment of the principal of or the interest on any of the Bonds when and as the same shall become due; or (ii) the Service shall default in the performance of any other provision of the Bonds or of the Resolution authorizing such Bonds and such default shall continue for ten (10) calendar days after written notice of such default has been given to the Service by the Bank.

ARTICLE IX

TRUSTEE

Section 9.01. This Resolution shall constitute a trust agreement for the benefit of the holders of the Bonds from time to time upon the acceptance of the duties of the Trustee by execution of the form of acceptance appearing at the end of this Resolution.



ARTICLE X

SUPPLEMENTAL RESOLUTIONS

Section 10.01. A supplemental resolution of the Service, amending or modifying this Resolution may be adopted at any time by the Service, but any such supplemental resolution shall become effective only upon approval thereof by the Bank or other registered owner from time to time of the Bonds. Any supplemental resolution adopted in accordance with the provisions of this Article shall thereafter form a part of this Resolution and all terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

The foregoing Resolution of the Board of Directors of Maryland Environmental Service was adopted at a meeting of such Board of Directors duly called and held on July 12, 1974, such Resolution to be effective on the date of its adoption.

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Director

(SEAL)

Secretary

Treasurer

The Secretary of Natural Resources has approved on this 12th day of July, 1974, the foregoing Resolution adopted by the Board of Directors of the Maryland Environmental Service.

James B. Coulter,
Secretary of Natural Resources,
State of Maryland

ACCEPTANCE OF DUTIES BY THE TRUSTEE

Maryland National Bank, a national banking association organized and existing under the laws of the United States of America, Trustee, hereby accepts the trusts under the foregoing Resolution and the duties and obligations imposed upon the Trustee thereby.

MARYLAND NATIONAL BANK

By _____
Vice President