

MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS

MEETING MINUTES

February 26, 1976

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10:30 am on Thursday, February 26, 1976, by the Director, Thomas D. McKewen.

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

Staff Members Present: Michael Long
Reed McDonagh
Richard E. Rice, Esquire
Patricia Sweney

Mr. Richard E. Rice, Special Assistant Attorney General, summarized for the Board, as background for today's meeting, the provisions of the Contract dated April 24, 1974, between the Maryland Environmental Service (the Service) and Harford County, Maryland (the County), entitled "Contract to Provide Water Supply and Wastewater Purification Systems and Services to the Joppatowne Service District of Harford County, Maryland." Mr. Rice then reviewed a proposed agreement between the Service, the Joppatowne Utilities Corporation (the Company), and the County, whereby the Company would sell to the Service and the Service would purchase from the Company for the use of the County both the Company's waterworks plant and distribution system and the Company's wastewater collection and treatment system, together with all interests in real and personal property owned by the Company, and used and useful in connection with either system.

Mr. Evan Crossley moved that the Board adopt a resolution ratifying said Contract dated April 24, 1974 between the Service and the County, and he further moved that the Board adopt a resolution approving said proposed agreement between the Service, the Company, and the County and authorizing Mr. Thomas D. McKewen to execute said proposed agreement, provided, however, that the date for termination of the escrow account, which is provided for in Section 14 of said proposed agreement, be corrected to terminate on December 31, 1976 rather than December 31, 1975 as now provided in Section 14.

Mr. Robert Chaney then seconded the aforesaid motions of Mr. Crossley, and the motions were carried unanimously. The Board then resolved as follows:

RESOLVED, that said Contract dated April 24, 1974 between the Maryland Environmental Service and Harford County, Maryland, entitled "Contract to Provide Water Supply and Wastewater Purification Systems and Services to the Joppatowne Service District of Harford County, Maryland," is hereby ratified; and

RESOLVED, that said proposed agreement between the Maryland Environmental Service, Joppatowne Utilities Corporation, and Harford County, being attached hereto and made a part hereof, is hereby approved, and Thomas D. McKewen is hereby authorized to execute said proposed agreement, provided, however, that the date "December 31, 1975" which appears in Section 14 of said proposed agreement be changed to "December 31, 1976."

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Thomas D. McKewen
Thomas D. McKewen, Director

Robert L. Chaney
Robert L. Chaney, Treasurer

Evan Crossley
Evan Crossley, Secretary

26 February 1986
Date

Directors



THOMAS D. MCKEWEN
DIRECTOR

STATE OF MARYLAND
MARYLAND ENVIRONMENTAL SERVICE
60 WEST STREET
ANNAPOLIS, MARYLAND 21401
(301) 267-5351

REED W. McDONAGH
DEPUTY DIRECTOR

BOARD MEETING MINUTES

June 11, 1976

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10:15 a.m. on Friday, June 11, 1976, by the Director, Thomas D. McKewen.

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

Staff Member Present: Reed W. McDonagh, Deputy Director

Other Person Present: Richard E. Rice
Special Assistant Attorney General

Mr. Richard E. Rice presented to the Board the form of the document entitled "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County, Maryland," to become effective July 1, 1976 and supersede the contract dated April 24, 1974 between the Maryland Environmental Service and Harford County, Maryland.

Mr. Rice then presented to the Board the form of the following resolution, which provides for, among other things, execution and delivery of the aforesaid document and issuance of the Maryland Environmental Service Joppatowne Service District Bond Anticipation Note in the principal amount of \$3,205,000 and to be dated July 1, 1976.

Mr. Robert Chaney moved that the Board adopt the following Resolution. Mr. Evan Crossley seconded that motion, and the motion carried unanimously. The Board then resolved as follows:

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CERTIFICATE

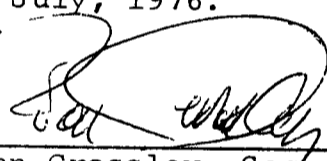
I, EVAN CROSSLEY, do hereby certify that:

(1) I am the duly elected, qualified and acting Secretary of the Maryland Environmental Service (the "Service");

(2) attached hereto is a true and correct copy of the Minutes of the meeting of the Board of Directors of the Service called and held on June 11, 1976

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Service this first day of July, 1976.

(SEAL)

EMC 

Evan Crossley, Secretary
Maryland Environmental Service

RESOLUTION

A RESOLUTION authorizing and providing for the issuance and sale by Maryland Environmental Service of its bond anticipation note in the principal amount of \$3,205,000 which shall be designated "Maryland Environmental Service Joppatowne Service District Bond Anticipation Note", 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 Volume and 1975 Cumulative Supplement), as amended, (the "Act"), in order to temporarily finance the acquisition of certain water supply and wastewater treatment facilities and appurtenances presently owned by the Joppatowne Utilities Corporation and situated in Harford County, Maryland, as set forth in an agreement to be entered into between Maryland Environmental Service and Harford County, Maryland, and to be dated July 1, 1976, providing, among other things, for the reception, treatment and disposal of liquid wastes from the Joppatowne Service District and the purification and supplying of water to the Joppatowne Service District; making certain findings among others, concerning the public benefit and purpose of the bond anticipation note; providing that the bond anticipation note (i) shall constitute the general obligation of Maryland Environmental Service as provided in Section 3-115 of the Act, the principal of and interest on which shall be payable from revenue derived from payments to Maryland

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Environmental Service under the agreement with Harford County, Maryland, to be dated July 1, 1976, and from the first proceeds of an issue of revenue bonds to be authorized, issued and sold by Maryland Environmental Service not later than December 31, 1977 in order to permanently finance the acquisition of the aforesaid water supply and wastewater treatment facilities and appurtenances by repaying the principal of and accrued and unpaid interest on the bond anticipation note, 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 neither Maryland Environmental Service nor the State of Maryland, nor any political subdivision thereof, shall be obligated to pay the principal of or the interest on the bond anticipation note except from revenues or other moneys of Maryland Environmental Service available therefor; prescribing the terms, conditions, security, form and tenor of the bond anticipation note; authorizing the private sale of the bond anticipation note to Maryland National Bank; establishing the issue date, maturity date and interest rates for the bond anticipation note; providing for the delivery of the bond anticipation note; providing remedies in the event of default; authorizing the execution and delivery by Maryland Environmental Service of the agreement between Maryland Environmental Service and Harford County, Maryland, to be dated July 1, 1976 and the assignment of

such agreement to Maryland National Bank as security for the payment of the principal of and interest on the bond anticipation note; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of the bond anticipation note.

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, as amended to date, are hereinafter collectively referred to as the "Act". The Maryland Environmental Service (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

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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 acquisition, construction and operation of any project which is in the State of Maryland 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.

Pursuant to and in accordance with the provisions of the Act, the Service has undertaken and completed a study of the physical and operational efficiency and adequacy of the quality of the service provided by the water supply and wastewater treatment facilities and appurtenances owned and operated by the Joppatowne Utilities Corporation (the "Utilities Corporation"), situated at the headwaters of the Gunpowder River in Harford County, State of Maryland (the "Project").

Pursuant to and in accordance with the provisions of the Act, the Service has been duly authorized to acquire the Project, and, upon acquisition, to participate with Harford County, Maryland (the "County") in the joint operation and maintenance of the Project.

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Pursuant to and in accordance with the provisions of the Act, the Service and the County are duly authorized and empowered to make such agreements as may be necessary to implement the objective of providing adequate water supply and wastewater treatment systems in Harford County, Maryland.

Pursuant to the request of the County, the Service has determined to enter into an agreement with the County, to be dated July 1, 1976, and designated "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County, Maryland" (the "Service Contract"), whereunder the County shall employ the Service to acquire the Project, and, upon acquisition, to participate with the County in the joint operation and maintenance of the Project.

Pursuant to and in accordance with the provisions of the Act, the Service has entered into an agreement with the Utilities Corporation and the County dated May 20, 1976 (the "Purchase Agreement"), pursuant to which the Service has agreed to purchase the Project from the Utilities Corporation, and the Utilities Corporation has agreed to sell the Project to the Service.

The Service has determined to issue and sell its revenue

bonds to permanently finance the acquisition of the Project by the Service pursuant to the Purchase Agreement, in order to fulfill, in part, its obligations under the Service Contract.

The Purchase Agreement requires that the purchase and sale of the Project must be accomplished on or before July 1, 1976. The Service has determined that a period of up to 18 months may be required to authorize, issue and sell its revenue bonds upon the best possible terms and conditions to the Service in order to permanently finance the acquisition of the Project. Accordingly, the Service has determined to issue and sell its Joppatowne Service District Bond Anticipation Note in the principal amount of \$3,205,000 (the "Note"), in order to temporarily finance the acquisition of the Project, pending the issuance and sale of the Service's revenue bonds in an amount sufficient to pay the principal of and accrued and unpaid interest on the Note (the "Revenue Bonds"). The principal of and interest payable on the Note shall be paid from the receipts and revenues of the Service from the Service Contract, and from the first proceeds of the issuance and sale of the Revenue Bonds. As security for the payment of the principal of and interest on the Note, the Service will assign to Maryland National Bank, the purchaser of the Note (the "Bank"), and grant to the Bank a security interest in, all of the Service's right, title and interest (but not the Service's obligations) in, to and under the Service Contract and all receipts, revenues and proceeds thereof.

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 the purchase of the Project and the provision of water supply and wastewater treatment services to the Joppatowne Service District (the "Service District") in accordance with the Purchase Agreement and the Service Contract will result in (a) dependable, effective and efficient water supply and disposal of liquid wastes generated in the Service District, (b) improvement of the quality of water resources in the Service District, and (c) promotion of the health and welfare of the citizens of Harford County and the State of Maryland.

Section 2: That the issuance, sale and delivery of the Service's Joppatowne Service District Bond Anticipation Note in the principal amount of \$3,205,000 is hereby authorized, subject to the provisions of this Resolution, the Note to constitute the general obligation of the Service as provided by Section 3-115 of the Act, payable from the receipts and revenues of the Service from the Service Contract and from the first proceeds of the sale of the Revenue Bonds for the purpose of permanently financing the acquisition of the Project.

It is hereby found and determined that the best interests of the Service will be served by selling the Note at private sale, as authorized by the Act, upon terms and conditions hereinafter approved. In view of the unique nature of the temporary financing required for the acquisition of the Project,

a public sale of the Note would be impracticable and could result in a substantially higher interest rate.

Section 3: That the Note shall be dated July 1, 1976 and shall mature on December 31, 1977. The Note shall bear interest at the rates set forth in the form of the Note set forth in Section 2.03 of this Resolution, and may be prepaid in whole or in part at any time, or from time to time, upon not less than 7 calendar days written notice given by the Service to the Bank, without premium or prepayment penalty, upon payment of the principal amount being prepaid, plus interest accrued on the Note to the date of prepayment.

Section 4: That the Note is hereby sold at private sale to the 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 Note.

Section 5: That the Note is to be issued, sold and delivered 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, as purchaser of the Note, and with all those who shall, from time to time, hold the Note, for the benefit of all such holders, as follows:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall, for all pur-

poses 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" means Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974 Volume and 1975 Cumulative Supplement), and all acts supplemental thereto or amendatory thereof.

"Administration Expenses" means the reasonable and necessary expenses incurred with respect to the Service Contract, the Purchase Agreement, this Resolution and the financing of the Project, including without limitation any expenses incurred by the Bank (including legal expenses) in connection with the purchase of the Note and the perfection of the security interest created by this Resolution, and any and all expenses incurred by the Bank (including legal expenses) in connection with the enforcement of this Resolution and the collection of the Note.

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

"County" means Harford County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

"Note" means the Maryland Environmental Service Joppatowne Service District Bond Anticipation Note dated July 1, 1976 in the principal amount of \$3,205,000.

"Project" means the privately owned water supply and wastewater treatment system and facilities presently owned by the Utilities Corporation and serving the people of Joppatowne, Harford County, Maryland, together with all necessary and incidental connections, machinery, equipment, apparatus, structures and appurtenances thereto and including all real property and rights-of-way, easements and other interests therein and all personal property thereof to be acquired by the Service pursuant to the terms of the Purchase Agreement and the Service Contract and which is necessary and desirable for the efficient performance of the duties, responsibilities and obligations of the Service under the Service Contract and the Act.

"Purchase Agreement" means the agreement dated May 20, 1976, by and among the Service, the County and the Utilities Corporation, pursuant to which the Service has agreed to purchase the Project from the Utilities Corporation, and the Utilities Corporation has agreed to sell the Project to the Service.

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

"Revenue Bonds" means the revenue bonds to be authorized, issued and sold by the Service prior to December 31, 1977 in an amount not less than the then outstanding principal amount of the Note plus accrued and unpaid interest thereon, in order to permanently finance the acquisition of the Project by repaying the principal of and accrued and unpaid interest on the Note.

"Service" means 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" means the agreement between the Service and the County to be dated July 1, 1976 entitled "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County, Maryland".

"Service District" means the Joppatowne Service District which includes, but is not limited to, the residential development of Joppatowne, located in the southwestern portion of Harford County, Maryland, adjacent to and east of the Little Gunpowder Falls River, which separates Harford County, Maryland, from Baltimore County, Maryland.

"Utilities Corporation" means Joppatowne Utilities Corporation, a Maryland corporation.

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 Note authorized hereby, as are given to such words and terms by Section 3-101 of the Act.

ARTICLE II

AUTHORIZATION AND DESCRIPTION OF NOTE

Section 2.01. The Service shall be obligated to pay the

principal of and interest on the Note out of the receipts and revenues of the Service from the Service Contract and from the first proceeds of the issuance and sale of the Revenue Bonds. As security for the payment of the principal of and interest on the Note, the Service hereby assigns to the Bank, and grants to the Bank a security interest in, all of the Service's right, title and interest (but not its obligations) in, to and under the Service Contract and all receipts, revenues and proceeds thereof, and agrees that with respect thereto the Bank shall have all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code. The Bank, by the acceptance of the foregoing assignment and security interest does not assume, or in any way become responsible for the performance of, any of the duties, undertakings or obligations of the Service under the Service Contract.

Section 2.02. There is hereby created for issuance under this Resolution a bond anticipation note in the principal amount of \$3,205,000 which shall bear the descriptive title "Maryland Environmental Service Joppatowne Service District Bond Anticipation Note". The Note shall be dated July 1, 1976, and shall bear interest from its date, payable on the first day of each calendar quarter, at the rates set forth in the form of the Note set forth in Section 2.03 of this Resolution. The Note shall mature and be payable on December 31, 1977.

Section 2.03. The Note shall be substantially in the following form, with such appropriate insertions as are permitted or required by this Resolution.

The principal of and interest on the Note 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 Bank in Annapolis, Maryland.

MARYLAND ENVIRONMENTAL SERVICE
JOPPATOWNE SERVICE DISTRICT
BOND ANTICIPATION NOTE

\$3,205,000

July 1, 1976

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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 the order of Maryland National Bank (the "Bank"), at the offices of the Bank in Annapolis, Maryland, or at such other place as the holder of this note may from time to time designate in writing to the Service, the principal amount of THREE MILLION TWO HUNDRED FIVE THOUSAND DOLLARS on December 31, 1977, if not sooner paid, with interest thereon from the date hereof at the rate or rates hereinafter provided, such interest being payable on the first day of each and every calendar quarter, commencing on October 1, 1976, until the principal sum is paid in full. Payment of the principal of and the interest on this note shall be made in lawful money of the United States of America at the time of payment at the principal office of the Bank in Annapolis, Maryland.

This note shall bear interest at the annual rates calculated as follows:

(a) From July 1, 1976 to December 31, 1976, both inclusive, this note shall bear interest at the annual rate which is equal to the sum of (i) 1/2 of the commercial prime rate of interest in effect at the Bank on July 1, 1976, plus (ii) 2-1/2%.

(b) From January 1, 1977 to June 30, 1977, both inclusive, this note shall bear interest at the annual rate which is equal to the sum of (i) 1/2 of the commercial prime rate of interest in effect at the Bank on January 1, 1977, plus (ii) 3-1/2%.

(c) From July 1, 1977 to December 31, 1977, both inclusive, and thereafter until the principal sum is paid in full, this note shall bear interest at the annual rate which is equal to the sum of (i) 1/2 of the commercial prime rate of interest in effect at the Bank on July 1, 1977, plus (ii) 4-1/2%.

Interest shall be calculated on the basis of a 360-day year factor applied to actual days elapsed.

This note 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 Volume and 1975 Cumulative Supplement), as amended, and pursuant to a resolution duly adopted by the Board of Directors of the Service on June , 1976 (the "Resolution").

The principal of and interest on this Note is payable from the payments to be made by Harford County, Maryland (the "County") pursuant to an agreement dated July 1, 1976, between the County and the Service and designated "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County, Maryland" (the "Service Contract"), and any other revenues or moneys of the Service available therefor and not otherwise pledged.

As security for the payment of the principal of and interest on this note, the Service has assigned to the Bank, and has granted to the Bank a security interest in all of the Service's right, title and interest (but not its obligations) in, to and under the Service Contract and all receipts, revenues and proceeds thereof.

The Service has issued this note to provide temporary financing for the acquisition of the water supply and wastewater treatment facilities and appurtenances presently owned and operated by the Joppatowne Utilities Corporation, pending the issuance and sale of the Service's revenue bonds to provide permanent financing for such acquisition. The first proceeds of the issuance and sale of such revenue bonds are pledged to the payment of the principal of and interest on this note.

This note is the Note issued under and pursuant to the Resolution and is subject to prepayment and acceleration of maturity, and is secured, as provided in the Resolution.

This note 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 shall be payable solely from the receipts and revenues of the Service from the Service Contract, from any other moneys available therefor and not otherwise pledged, and from the first proceeds of the sale of the aforesaid revenue bonds. Neither the Service nor the State of Maryland nor any political subdivision thereof shall be obligated to pay the principal of or the interest on this note except from the aforesaid sources, 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 this note.

No covenant or agreement contained in this note 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 note nor any officer of the Service shall be liable personally on this note or be subject to any personal liability or accountability by reason of the issuance of this note.

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 this note in order to make it the legal, valid and binding obligation of the Service, specifically enforceable in accordance with its terms, have been done, have happened, and have been performed in regular and due form as required by law, and that the issuance of this note 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 Service Contract is available for assignment and may be legally assigned by the Service and has been so assigned, this note being intended as a confirmation of the existence and effect of such assignment.

IN WITNESS WHEREOF, the Director of Maryland Environmental Service has manually executed this note on behalf of Maryland Environmental Service and has caused its seal to be affixed hereto and attested by the manual signature of its Secretary, all as of the 1st day of July, 1976.

ATTEST:

MARYLAND ENVIRONMENTAL SERVICE

Secretary

By _____
Director

(SEAL)

Section 2.04. The Note 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.

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If any of the officers who shall have signed or sealed the Note shall cease to be such officer of the Service before the Note shall have been actually delivered to the Bank by the Service, such signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until delivery, and the Note may be issued and delivered with the same force and effect as though the person or persons who signed or sealed the Note had not ceased to be such officer or officers of the Service; and also the Note may be signed and sealed on behalf of the Service by those persons who, at the actual date of the execution of the Note, shall be the proper officers of the Service, although at the nominal date of the Note such person shall not have been such officer of the Service.

Section 2.05. This Resolution creates and shall constitute a continuing, irrevocable and exclusive claim upon and pledge of the receipts and revenues of the Service from the Service Contract and the first proceeds of the Revenue Bonds to the extent provided in this Resolution, to secure the full and final payment of the principal of and interest on the Note.

Section 2.06. The Note shall be executed by the Service as provided in this Resolution and delivered to the Bank upon payment by the Bank of the par amount thereof, plus accrued interest, if any.

ARTICLE III SERVICE CONTRACT

Section 3.01. The execution and delivery by the Service

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of the Service Contract, substantially in the form submitted to and approved by the Board of Directors of the Service at the meeting at which this Resolution was adopted, is hereby authorized. The Service Contract shall be executed on behalf of the Service by its Director, and its corporate seal shall be thereunto affixed and attested by the manual signature of its Secretary. The officers of the Service shall certify to the Bank that the Service Contract actually executed and delivered is substantially in the form submitted to and approved by the Board of Directors of the Service at the meeting at which this Resolution was adopted.

ARTICLE IV

PARTICULAR COVENANTS OF THE SERVICE

Section 4.01. The Service will promptly pay the principal of and the interest on the Note issued hereunder and secured hereby at the place, on the dates and in the manner specified herein and in the Note, according to the true intent and meaning thereof. As provided by Section 3-115 of the Act, the Note shall constitute the general obligation of the Service (to the extent permitted by the Constitution of the State of Maryland and the Act), payable primarily from the receipts and revenues of the Service from the Service Contract and from the first proceeds of the issuance and sale of the Revenue Bonds.

Section 4.02. The Service will at all times maintain its corporate existence or assure the assumption of its obli-

gations 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 Note.

Section 4.03. So long as the Note is outstanding, the Service will enforce the obligation of the County to pay, or cause to be paid, all the payments and other costs and charges payable by the County under the Service Contract. The Service will not enter into any agreement with the County amending the Service Contract, without the prior written consent of the Bank.

Section 4.04. 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 4.05. Except for the assignment herein to the Bank, the Service will not sell, lease or otherwise dispose of or encumber its interest in the Service Contract or any of the payments or receipts derived therefrom, other than for the payment of Operating Costs and Project Costs as those terms are defined in the Service Contract, 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 4.06. The Service covenants that, in order to perfect the security interest of the Bank in the Service Contract

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and the receipts, revenues and proceeds therefrom, appropriate financing statements, naming the Bank as "Secured Party", 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 Bank will file such necessary continuation statements from time to time as may be required pursuant to the provisions of the Uniform Commercial Code, as amended from time to time, to protect the security interest of the Bank.

Section 4.07. The Service covenants that it will annually provide the Bank with 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, and with a copy of each "Adopted Annual Budget" for the Project as that term is defined in the Service Contract. The Service covenants that it will also provide the Bank with a copy of the schedule of Contract Payments described in Section 410 of the Service Contract and with a copy of the certification as to the schedule of Contract Payments required by such Section 410.

Section 4.08. The Service represents and warrants that the schedule previously furnished to the Bank giving the estimated revenues under 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 materially, or will (in the reasonable expectation of the Service) be subject to material change, such notice to be given within 10 calendar days of the receipt of any information or basis for belief by the Service.

Section 4.09. The Service covenants that it will comply with any and all requirements of the Act and the Service Contract.

4.10. The Service covenants and agrees that it will authorize, issue and sell the Revenue Bonds prior to December 31, 1977, in an amount not less than the then outstanding principal amount of the Note plus all accrued and unpaid interest thereon, and will apply the proceeds thereof to the payment in full of the principal of and interest on the Note.

4.11. The Service covenants and agrees to pay all Administrative Expenses. This covenant and agreement shall survive the repayment of the Note.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. 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 the Note when and as the same shall become due; or (ii) the Service shall default in the performance of any other provision of the Note or of this Resolution and such default shall continue for 10 calendar days after written notice of such default has been given to the Service by the Bank; or (iii)

either the Service or the County shall default under the Service Contract, and such default shall not be cured within any applicable grace period; or (v) the Service Contract shall terminate or become unenforceable for any reason whatsoever; or (vi) the Bank shall have grounds to reasonably believe that the security for, or sources of funds for the repayment of, the Note has become materially impaired.

Section 5.02. Upon the occurrence of an "Event of Default" the unpaid principal balance of the Note and all accrued and unpaid interest thereon shall, at the option of the Bank, become immediately due and payable, without notice to, or demand on, the Service or any other procedural requirement. The Service expressly waives any presentment, demand, protest or other notice of any kind.

ARTICLE VI

RESOLUTION CONSTITUTES A CONTRACT

Section 6.01. This Resolution shall constitute a contract with, and for the benefit of, the holder of the Note from time to time.

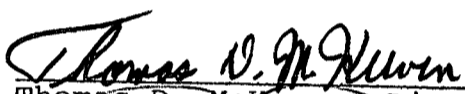
ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

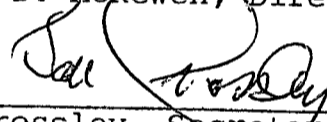
Section 7.01. A supplemental resolution of the Service, amending or modifying this Resolution may be adopted at any time by the Service, but any such supplemental resolution shall become effective only upon written approval thereof by

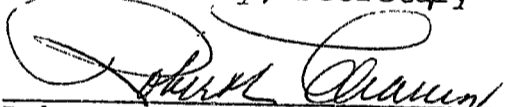
the Bank. Any supplemental resolution adopted in accordance with the provisions of this Article shall thereafter form a part of this Resolution and all terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed 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 June 11, 1976, such Resolution to be effective on the date of its adoption.

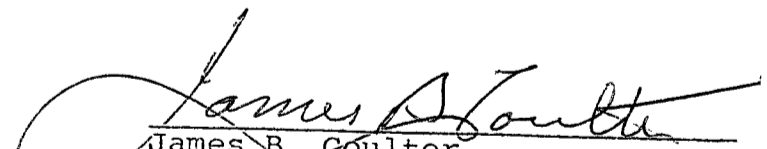

Thomas D. McKewen, Director

(SEAL)


Evan Crossley, Secretary


Robert Chaney, Treasurer

The Secretary of Natural Resources has approved on this 15th day of June, 1976 the foregoing Resolution adopted by the Board of Directors of the Maryland Environmental Service.


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

CERTIFICATE

I, EVAN CROSSLEY, do hereby certify that:

(1) I am the duly elected, qualified and acting Secretary of the Maryland Environmental Service (the "Service");

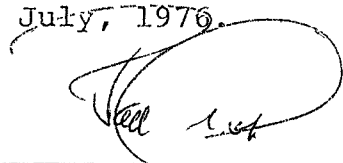
(2) the foregoing is a true and correct copy of a resolution duly adopted by the Board of Directors of the Service at a meeting duly called and held on June 11, 1976, at which meeting all Directors were present and acting throughout;

(3) such resolution has not been repealed, rescinded or amended since its adoption and is in full force and effect on the date hereof; and

(4) such resolution, after having been introduced, fully read and discussed, was duly passed, all Directors voting in the affirmative.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Service this first day of July, 1976.

(SEAL)



Evan Crossley, Secretary
Maryland Environmental Service

MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS

MEETING MINUTES

July 1, 1976

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 9:30 am. on Thursday, July 1, 1976, by the Director, Thomas D. McKewen.

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

Staff Members Present: Reed McDonagh, Deputy Director

Others Present: Richard E. Rice, Esquire

Mr. Richard E. Rice, Special Assistant Attorney General, presented to the Board a proposed Escrow Agreement by and among MES, the Joppatowne Utilities Corporation, (JUC) and the First National Bank of Maryland, which will establish the Escrow Account provided for in Section 14 of the Purchase Agreement dated May 20, 1976 under which MES has agreed to purchase from JUC the water supply and wastewater treatment facilities and appurtenances owned and operated by JUC. Mr. Rice then presented to the Board a proposed Supplemental Agreement by and among MES, JUC, and Harford County, Maryland, whereby MES will be authorized to acquire certain easements and property interests with funds deposited in said Escrow Account.

Mr. Evan Crossley moved the adoption of the following Resolution. Mr. Robert Chaney seconded the motion, and the motion was carried unanimously. The Board then resolved as follows:

RESOLVED, that said Supplemental Agreement be, and is hereby approved and ratified, and Thomas D. McKewen is hereby authorized on behalf of MES to execute and deliver said Supplemental Agreement, to be effective July 1, 1976.

CERTIFICATION

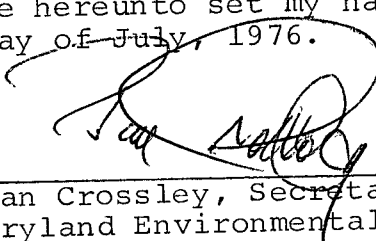
I, EVAN CROSSLEY, do hereby certify that:

(1) I am the duly elected, qualified and acting Secretary of the Maryland Environmental Service (the "Service");

(2) that the above is a true and correct copy of the Minutes of the meeting of the Board of Directors of the Service called and held on July 1, 1976,

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Service this first day of July, 1976.

(SEAL)


Evan Crossley, Secretary
Maryland Environmental Service

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