

Board Minutes of Meeting
February 10 1977

The Maryland Environmental Service's Board of Director's meeting was opened by Thomas D. McKewen in accordance with the following Public Notice which appeared in the Morning Sun papers on _____, 1977, for the purpose of reviewing impending financing plans for corporate projects of the Service and other business.

PUBLIC NOTICE

A meeting of the Board of Directors of the Maryland Environmental Service (MES) is scheduled for Thursday, February 10, 1977 at 10 a.m. at offices located on the 3rd floor, 60 West Street, Annapolis, Maryland, for the purpose of reviewing impending financing plans for corporate projects of the Service and other business.

Those present were:

- Thomas D. McKewen, Director
- Robert L. Chaney, Treasurer
- Evan Crossley, Secretary

MES staff members present were:

- Reed W. McDonagh
- Michael Long
- Richard E. Rice
- Joseph Johns

Notice is hereby given that on June 11, 1976 a meeting of the Board of Directors was held in executive session, in the offices of MES, for the purpose of authorizing and providing for the issuance of the \$3,205,000 principal amount "Maryland Environmental Service Joppatowne Service District Bond Anticipation Note."

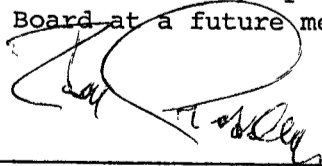
Thomas McKewen reviewed the status of the Baltimore County Resource Recovery Facility, including the test burns with resource derived fuel and the purchase of land for the southwestern transfer station.

The principal item of discussion was the status of the MES General Fund. The legislative auditor has stated that this fund is recovered general funds and as such should be returned to the state treasurer. An Attorney General's opinion has been requested by William Ratchford, Director of Department of Fiscal Services. MES has also drafted legislation to clarify this issue. Copies of the request by Ratchford and the draft legislation were presented. The legislation has not yet been submitted.

Robert Chaney stated that MES should develop a policy of what functions the General Fund should serve. He presented a handout giving a breakdown of FY 76 expenses by function and by program. He would also like to see our State budget presented along functional, instead of organizational, lines.

In going over Robert Chaney's presentation, it was decided to incorporate "Planning", "Special State Services" and "MES Program Development" under the function of "State Services." Thomas McKewen suggested that until a contract is signed and as long as MES is not into detailed design, the costs of a project should be considered as State Services.

It was decided that a draft policy statement will be prepared on the use of MES Corp General Fund for review by the Board at a future meeting.



Secretary

PUBLIC NOTICE
A meeting of the Board of Directors of the Maryland Environmental Service (MES) is scheduled for Thursday, February 10, 1977 at 10 A.M. at office located on the third floor, 60 West Street, Annapolis, Maryland for the purpose of reviewing impending financing plans for corporate projects of the service and other business.

BOARD MEETING MINUTES

March 7, 1977

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at approximately 2:00 p.m. on Monday, March 7, 1977, by the Director, Thomas D. McKewen.

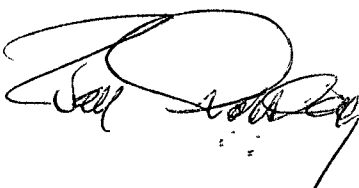
Board Members Present: Thomas D. McKewen, Director
Robert Chaney, Treasurer
Evan Crossley, Secretary

Staff Members Present: Reed W. McDonagh, Deputy Director

Other Person Present: Richard E. Rice
Assistant Attorney General

It was disclosed by Reed McDonagh to the members of the Board that on Friday, March 4, 1977; he spoke by phone with the Maryland Director of the Farmer's Home Administration (FmHA), who informed him that the Director of the Service should meet with representatives of the FmHA in Bel Air, Maryland, on Tuesday, March 8, 1977, in order to receive a Letter of Conditions in connection with MES's loan request. On motion by Robert Chaney, seconded by Evan Crossley, and carried unanimously, the Board then resolved that Tom McKewen was authorized to sign on behalf of MES at "Letter of Intent to Meet Conditions" and other collateral documents relating to the loan, and it further resolved that Reed McDonagh would be authorized to affix the Corporate Seal to the signature of Tom McKewen.

It was further resolved pursuant to the said motion that a meeting of the Board would be held to review and ratify any documents executed on behalf of MES by Tom McKewen at the meeting on March 8.



Secretary

BOARD MEETING MINUTES

April 1, 1977

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10:30 a.m. on Friday, April 1, 1977, by the Director, Thomas D. McKewen.

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

Staff Members Present: Richard E. Rice, Assistant Attorney General
Reed W. McDonagh, Deputy Director
Joseph G. Johns, Jr., Fiscal Administrator

After discussion of the bond documents, Mr. Crossley moved that the Board adopt the Resolution authorizing issuance of the \$2,640,000 principal amount Sludge Disposal Revenue Bond, 1977 Series and the Resolution authorizing the Service to covenant with Maryland National Bank to obtain certain approvals for the sludge project.

Mr. Chaney seconded the motion of Mr. Crossley, and the motion was carried unanimously. The Board then resolved as follows:

EEC028

Date

Evan Crossley, Secretary

A meeting of the Board of Directors of the Maryland Environmental Service (MES) is scheduled for Friday April 1, 1977 at 10 A.M. at the offices of the Maryland National Bank Church Circle Annapolis Md for the purpose of reviewing impending financing plans for corporate projects of the Service and other business

BOARD MEETING MINUTES

May 25, 1977

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 4:00 p.m. on Wednesday, May 25, 1977, by the Director, Thomas D. McKewen.

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

Staff Members Present: Richard Rice, Esquire
Joseph Johns
Michael Long

Mr. Richard Rice presented to the Board a Resolution that would appoint Joseph G. Johns, Jr. as the Deputy Treasurer pursuant to Section 3-103(f)(2) of the Annotated Code of Maryland, effective July 1, 1977, enabling the Treasurer of the Maryland Environmental Service, with the approval of the Board of Directors, to authorize an employee of the Service to serve as his deputy and to disburse money for the purposes of the Service as provided by law, and subject to the restrictions and other conditions that the Treasurer establishes.

Mr. Evan Crossley moved that the Board adopt the Resolution. Mr. Robert Chaney seconded the motion, and the motion was carried unanimously.

Mr. Rice then presented two resolutions establishing the Maryland National Bank as Depositor. Mr. Crossley moved that these be accepted, Mr. Chaney seconded and the motions carried unanimously.

Mr. Rice then reported that he had looked into the possibility of having the FHA terms of the Joppatowne loan agreement modified, as directed by the Board. The FHA was willing to modify the indemnity clause. After some discussion it was decided to accept the conditions of the agreement and it was signed. The Board then resolved as follows:

Date

Evan Crossley, Secretary

ECC028

MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS

RESOLUTION

WHEREAS, Section 3-103 (f) (2) has been added to the Annotated Code of Maryland, effective July 1, 1977, enabling the Treasurer of the Maryland Environmental Service, with the approval of the Board of Directors, to authorize an employee of the Service to serve as his deputy and to disburse money for the purposes of the Service as provided by law, and subject to the restrictions and other conditions that the Treasurer establishes and;

WHEREAS, Mr. Robert L. Chaney, Treasurer of the Maryland Environmental Service, has nominated Mr. Joseph G. Johns, Jr., as his Deputy Treasurer;

NOW THEREFORE, be it resolved that the Board of Directors of the Maryland Environmental Service hereby approves the appointment of Mr. Joseph G. Johns, Jr. as the Deputy Treasurer of the Maryland Environmental Service, on the terms and conditions set forth in the following document entitled "Delegation To Deputy Treasurer."

BE it further resolved that this Resolution shall take effect on July 1, 1977.

Thomas D. McKewen
Thomas D. McKewen, Director

Robert L. Chaney
Robert L. Chaney, Treasurer

Evan Crossley
Evan Crossley, Secretary

(SEAL)

May 25, 1977
Date

USDA-FmHA
Form FmHA 442-47
(Rev 4-9-76)

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Maryland Environmental Service

OF THE State of Maryland

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR

EXTENDING ITS Joppatowne, Maryland

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURIDICITION TO SERVE

WHEREAS, it is necessary for the Maryland Environmental Service
(Public Body)

(herein after called association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of Three Million Two Hundred and Twelve Thousand Five Hundred Dollars
(\$3,212,500)

pursuant to the provisions of Natural Resources Article, §3-101-3-131, inclusive, of
the Annotated Code of Maryland
WHEREAS, the association intends to obtain assistance from the Farmers Home Administration, United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 USC. 1921 et seq) in the planning, financing, and supervision of such undertaking and to purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the association

NOW THEREFORE, in consideration of the premises the association hereby resolves

- 1 To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds and containing such items and in such forms as are required by STATE statutes and as are agreeable and acceptable to the Government
- 2 To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 USC 1983(c))
- 3 To provide for, execute, and comply with Form FmHA 400-4, "Nondiscrimination Agreement", and Form FmHA 400-1, "Equal Opportunity Agreement", including an "Equal Opportunity Clause", which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000
- 4 ~~XX XX under the Government for the purpose of making or insuring the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government, shall pay the principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the association (payable from the source of funds pledged to pay the bonds or any other legally permissible source) incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it Default under the provisions of this Resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the association, and default under any such instrument may be construed by the Government to constitute default hereunder.~~
(SEE ADDENDUM 1 ATTACHED HERETO AND MADE A PART
HEREOF)
- 5 That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government, at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the association (payable from the source of funds pledged to pay the bonds or any other legally permissible source) incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it Default under the provisions of this Resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the association, and default under any such instrument may be construed by the Government to constitute default hereunder.
- 6 Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, not permit others to do so, without the prior written consent of the Government
- 7 Not to borrow any money from any source, enter into any contract or agreement, or incur any other liabilities in connection with making enlargements, improvements or extensions to, or for any other purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds
- 8 To place the proceeds of the bonds on deposit in an account, in a bank, and in a manner approved by the Government

9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. No free service or use of the facility will be permitted
11. To acquire and maintain such insurance coverage including fidelity bonds as may be required by the Government
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof in such a manner as may be required by the Government, to provide the Government without its request, a copy of each such audit, and to make and forward to the Government such additional information and reports as it may from time to time require
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan
14. To serve any applicant within the service area who desires service and can be feasibly and legally served, and to obtain the concurrence of the Farmers Home Administration prior to refusing service to such applicant Upon the failure to provide such service which is feasible and legal such applicant shall have a direct right of action against the association under this agreement

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall be binding upon the association as long as the bonds are held or insured by the Government. The provisions of sections 6 through 13 hereof may be provided for in more specific detail in the bond resolution or ordinance, to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling as between the association and the Government.

The vote was Yeas 3; Nays _____, Absent _____.

IN WITNESS WHEREOF, the Board of Directors of the Maryland Environmental Service has duly adopted this Resolution and caused

it to be executed by the officers below in duplicate on this 25th day of May, 19 77.

Board of Directors, Maryland Environmental Service

By Thomas D. Miller

Title Director

(SEAL)

Attest

Jill [Signature]

Title Secretary

CERTIFICATION

I, the undersigned, as Secretary of the Maryland Environmental Service

hereby certify that the Board of Directors of such Association is composed of

3 members, of whom 3, constituting a quorum, were present at a meeting thereof duly called and

held on the 25th day of May, 19 77, that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way

Dated, this 25th day of May, 19 77.

Jill [Signature]
Sec

ADDENDUM 1

to

LOAN RESOLUTION
USDA-FmHA
Form FmHA 442-47
(Rev. 4-9-76)

4. To indemnify the Government for any payments made on behalf of the association or losses suffered by the Government as a direct or indirect result of (a) any negligence wholly or partially attributable to the association, its officers, agents or employees, (b) any default in the payments of principal and interest on the bonds, or (c) any default in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan.

CERTIFICATE OF AUTHORITY
FOR CORPORATE DEPOSIT ACCOUNTS

Account Nos 302-00-042-7
302-00-228-2
502-21-229-3
302-00-234-0
320-00-407-2

Maryland

I hereby certify to MARYLAND NATIONAL BANK that I am the Secretary of *Environmental Service* a corporation of the State of *Maryland* and that the following is a true copy of resolutions duly adopted by the Board of Directors of the Corporation on the *25th* day of *May* 1977 and further that such resolutions are in conformity with the charter and by-laws of the Corporation and are in full force and effect on the date thereof

"RESOLVED that Maryland National Bank (the Bank) is designated as a depository of this Corporation and that one or more checking and/or savings and/or time deposit accounts be opened and maintained in the name of this Corporation with the Bank", and

"RESOLVED that the Bank is directed to pay all checks, drafts, notes, acceptances, withdrawal tickets or other orders for the payment of money, including those drawn to the individual order of a signer, from such accounts which are signed by the following persons (Designate authorized signers (officers by title) and indicate number and/or combination of signatures required)

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

and Robert L. Chaney, Treasurer or Joseph G. Johns, Jr., Deputy Treasurer (2 signatures required)

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

"RESOLVED 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"

"RESOLVED that the Secretary of this Corporation is authorized and directed to deliver and certify to the Bank a certified copy of these resolutions and that the same are in conformity with the charter and by-laws of this Corporation, together with a certificate or signature card setting forth the names and certifying to the signatures of the present officers of this Corporation 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 this Corporation and purportedly signed by the President or Secretary of this Corporation notifying the Bank of any change of such officers or other authorized signers

Resolved that the foregoing Resolution shall be effective July 1, 1977.
IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation this *25th* day of *May* 1977

Tom McKewen
(Secretary of the Corporation)

NOTE If the Secretary or other recording officer is authorized by the above resolutions to sign on behalf of the Corporation without the signature of any other officer of the Corporation, this certificate must also be signed by another officer of the Corporation in the space below

(Seal) *Thomas D. McKewen*
(Other Officer)
Director
(Title)

**CERTIFICATE OF AUTHORITY
FOR CORPORATE DEPOSIT ACCOUNTS**

Account No.	Savings
501-35-342-7	
501-33-640-6	
501-33-560-6	
501-34-928-4	
501-35-184-2	
501-35-656-0	
501-35-655-2	
501-35-504-1	

I hereby certify to MARYLAND NATIONAL BANK that I am the Secretary of Maryland Environmental and that the

a corporation of the State of Maryland following is a true copy of resolutions duly adopted by the Board of Directors of the Corporation on the 25th of May day of 1977, and further that such resolutions are in conformity with the charter and by-laws of the Corporation and are in full force and effect on the date thereof

"RESOLVED that Maryland National Bank (the Bank) is designated as a depository of this Corporation and that one or more checking and/or savings and/or time deposit accounts be opened and maintained in the name of this Corporation with the Bank", and

"RESOLVED that the Bank is directed to pay all checks, drafts, notes, acceptances, withdrawal tickets or other orders for the payment of money, including those drawn to the individual order of a signer, from such accounts which are signed by the following persons

- (Designate authorized signers (officers by title) and indicate number and/or combination of signatures required)
- Thomas D. McKewen, Director or Reed W. McDonagh, Deputy Director
 - and
 - Robert L. Chaney, Treasurer or Joseph G. Johns, Jr., Deputy Treasurer

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

"RESOLVED 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"

"RESOLVED that the Secretary of this Corporation is authorized and directed to deliver and certify to the Bank a certified copy of these resolutions and that the same are in conformity with the charter and by-laws of this Corporation, together with a certificate or signature card setting forth the names and certifying to the signatures of the present officers of this Corporation 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 this Corporation and purportedly signed by the President or Secretary of this Corporation notifying the Bank of any change of such officers or other authorized signers

Resolved that the foregoing Resolutions shall be effective July 1, 1977
IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation this day of 25th of May, 1977

(Secretary of the Corporation)

NOTE If the Secretary or other recording officer is authorized by the above resolutions to sign on behalf of the Corporation without the signature of any other officer of the Corporation, this certificate must also be signed by another officer of the Corporation in the space below

(Seal) Thomas D. McKewen
(Other Officer)

Director
(Title)

DELEGATION TO DEPUTY TREASURER

Pursuant to the authority contained in Section 3-103 (f)(2), Article - Natural Resources, Annotated Code of Maryland, and subject to the approval of the Board of Directors, Maryland Environmental Service, I, Robert L. Chaney, Treasurer, Maryland Environmental Service, hereby authorize Joseph G. Johns, Jr., Fiscal Administrator, Maryland Environmental Service, to serve as my deputy and to disburse moneys of the Service as provided by law and in accordance with the following guidelines:

1. The deputy Treasurer will ordinarily make all disbursements associated with the corporate payroll, including related requisitions and transfers of funds between corporate accounts as necessary or desirable for proper funding of the corporate payroll account.

2. The Treasurer will ordinarily make all non-payroll disbursements, and will maintain a work schedule suitable to the performance of this responsibility.

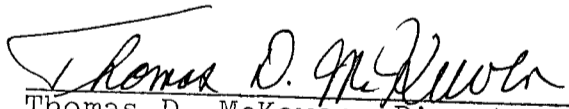
3. In special cases, where disbursement action on non-payroll accounts cannot be accommodated to the working schedule of the Treasurer, the Deputy Treasurer may make the disbursement, including any necessary requisition or transfer of funds between corporate accounts essential to the proper funding of the account from which such disbursement is made. The Deputy Treasurer shall diligently attempt to contact the Treasurer by phone prior to any such disbursement.

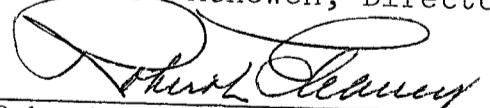
4. In the absence of the Treasurer, his ordinary disbursing responsibility will be specifically delegated, in a writing signed by the Treasurer, to the Deputy Treasurer for the duration of the Treasurer's absence. In the absence of the Deputy Treasurer, his normal disbursing responsibility will be exercised by the Treasurer.

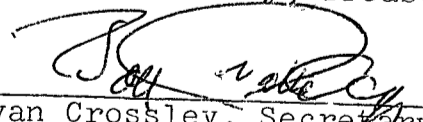
5. All disbursements by the Deputy Treasurer, other than payroll disbursements, will be reported to the Treasurer.

6. In no case will the Deputy Treasurer make disbursements unless he is satisfied as to the propriety thereof.

APPROVED:


Thomas D. McKewen, Director


Robert L. Chaney, Treasurer


Evan Crossley, Secretary

(SEAL)

DATE: 7/1/77

BOARD MEETING MINUTES

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 12:30 p.m. on October, 11, 1977, by the Director, Thomas D. McKewen,

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

Staff Member Present: Michael T. Long, Chief of Administration
Joseph G. Johns, Jr., Deputy Treasurer

Other Person Present: Richard E. Rice
Assistant Attorney General

Mr. Richard E. Rice presented to the Board the form of the following resolution, which provides for among other things, execution and delivery of the document described in the next paragraph and issuance of the Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond, 1977 Series in the principal amount of \$3,212,500 and to be dated as of a date in January, 1978.

Mr. Rice then 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 as of the date of the said Bond, and supersede the contract dated July 1, 1976 between the Maryland Environmental Service and Harford County, Maryland.

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:

EEC028

RESOLUTION

A RESOLUTION authorizing and providing for the issuance and sale by the Maryland Environmental Service of its revenue bond in the principal amount of \$3 212 500 which shall be designated "Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond 1977 Series" (the "Bond") 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 1976 Cumulative Supplement) as amended (the "Act") in order to (1) refund the outstanding \$3 205 000 principal amount Maryland Environmental Service Joppatowne Service District Bond Anticipation Note issued pursuant to a resolution of the Board of Directors of the Maryland Environmental Service adopted on June 11 1976 (approved by the Secretary of Natural Resources on June 15 1976) and (11) permanently finance the acquisition and improvement of certain water supply and wastewater treatment facilities and appurtenances previously owned by the Joppatowne Utilities Corporation and situated in Harford County Maryland as set forth in an agreement to be entered into between the Maryland Environmental Service and Harford County Maryland and to be dated as of the date of the Bond (the "Service Contract") providing among other things (1) 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 (2) for the delineation of the public benefit and purpose of the Bond (3) that the Bond (1) shall constitute the limited obligation of the Maryland Environmental Service the principal of and interest on which shall be payable solely from the special fund provided therefor from revenues derived from payments to the Maryland Environmental Service under the Service Contract

and (11) 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 and (11) shall not ever constitute a general obligation of the Maryland Environmental Service (4) that neither the 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 except from the special fund provided therefor from receipts and revenues of the Maryland Environmental Service from the Service Contract (5) the terms conditions security form and tenor of the Bond (6) authorization for the private sale of the Bond to the United States of America Farmers Home Administration (7) the approximate issue date the maturity date and the interest rate for the Bond (8) the delivery of the Bond (9) remedies in the event of default (10) authorization for the execution and delivery by the Maryland Environmental Service of the Service Contract and the assignment of the Service Contract to the United States of America Farmers Home Administration as security for the payment of the principal of and interest on the Bond (11) and generally providing for and determining various matters in connection with the authorization issuance security sale and payment of the Bond

RECITALS

By Chapter 4 of the Laws of Maryland of 1973 - First Extraordinary Session the General Assembly of Maryland enacted Section 3-101 to 3-131 both inclusive of the Natural Resources Article of the Annotated Code of Maryland (1974 Volume) 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 (1) 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 (11) 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 (111) 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 previously 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

Pursuant to and in accordance with the provisions of the Act the Service and the County have been 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 entered into an agreement with the County 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 "Original Service Contract") whereunder the County has employed 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 entered into an agreement with the Utilities Corporation and the County dated May 20 1976 (the "Purchase Agreement") pursuant to which the Service agreed

to purchase the Project from the Utilities Corporation and the Utilities Corporation agreed to sell the Project to the Service

On June 11 1976 the Board of Directors of the Service adopted a resolution (which was approved by the Secretary of Natural Resources on June 15 1976) authorizing and providing for the issuance and sale by the Service of its bond anticipation note designated "Maryland Environmental Service 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 Note was delivered to Maryland National Bank purchaser on July 1 1976 on which date Maryland National Bank paid the principal amount of the Note to the Service

On July 1 1976 the Service acquired the Project from the Utilities Corporation paying to the Utilities Corporation as consideration therefor the amount of \$3 150 000 from the proceeds of the Note The Department of Assessments and Taxation of the State of Maryland accepted for record on the same date Articles of Transfer transferring the Project to the Service

Pursuant to the request of the County the Service has determined to enter into an agreement with the County to be dated as of the date of the Bond (hereinafter defined) 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") superseding the Original Service Contract whereunder the County and the Service shall agree to participate in the joint operation and maintenance of the Project

The Service has determined to issue and sell its revenue bond designated

"Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond 1977 Series" in the principal amount of \$3 212 500 (the "Bond") in order to refund the Note permanently finance the acquisition and improvement of the Project and fulfill in part its obligations under the Service Contract

The Service has applied for a loan from the United States of America Farmers Home Administration (the "Government") On March 8 1977 the Service delivered to the Government a document designated "Letter of Intent To Meet Conditions " bearing that date in which the Service expressed its intention of meeting the conditions for further processing of its loan application as established in a letter of the same date from the Government to the Service On the same date the Service entered into two agreements with the Government on standard forms designated "Equal Opportunity Agreement" and "Nondiscrimination Agreement " respectively

On May 25 1977 the Board of Directors of the Service adopted a resolution designated "Loan Resolution" authorizing and providing for the incurrence of indebtedness for the purpose of providing a portion of the cost of acquiring constructing, enlarging improving and/or extending the Project and specifically resolving (among other things) to adopt subsequently a resolution providing for the issuance of the Bond

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MARYLAND ENVIRONMENTAL SERVICE THAT

Section 1 That acting pursuant to the Act it is hereby found and determined that the acquisition and improvement 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 Service Contract will result in (a) dependable effective and efficient water supply and disposal of liquid wastes in the Service District (b) improvement of the quality of water resources in the Service District and the Little Gunpowder Falls River Basin 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 Water and Sewer Refunding and Improvement Revenue Bond 1977 Series (the "Bond") in the principal amount of \$3 212 500 is hereby authorized subject to the provisions of this Resolution the Bond to constitute the limited obligation of the Service payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract

It is hereby found and determined that the best interests of the Service will be served by selling the Bond at private sale as authorized by the Act upon terms and conditions hereinafter approved In view of the unique nature of the Project and the Bond a public sale of the Bond would be impracticable and could result in a substantially higher interest rate

Section 3 That the Bond is hereby sold to the Government 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 Bond

Section 4 That the Bond 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 Government as purchaser of the Bond and with all those who shall from time to time hold the Bond 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" means Sections 3-101 to 3-131 both inclusive of the Natural Resources Article of the Annotated Code of Maryland (1974 Volume and 1976 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 this Resolution the refunding of the Note and the financing of the Project including without limitation any expenses incurred by the Service (including legal expenses) in connection with the sale of the Bond and the perfection of the security interest created by this Resolution and any and all expenses incurred by the Government (including legal expenses) in connection with the enforcement of this Resolution and the collection of the Bond

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

"Government" means the United States of America Department of Agriculture Farmers Home Administration and its successors and assigns

"Note" means the Maryland Environmental Service Joppatowne Service District Bond Anticipation Note dated July 1 1976 in the principal amount of \$3 205 000 which was sold on July 1 1976 to Maryland National Bank

"Original Service Contract" means the agreement between the Service and the County 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 "

"Project" means the water supply and wastewater treatment system and facilities previously 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 acquired by the Service on July 1 1976 pursuant to the terms of the Purchase Agreement and the Original 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 agreed to purchase the Project from the Utilities Corporation and the Utilities Corporation 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" or "Bond" means the Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond 1977 Series in the principal amount of \$3 212 500 and the Revenue Bonds for which such Bond may be exchanged in accordance with this Resolution

"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 as of the date of the Bond and entitled "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County Maryland " superseding the Original Service Contract

"Service District" means the Joppatowne Service District created under the Service Contract 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 Revenue Bonds authorized hereby as are given to such words and terms by Section 3-101 of the Act

ARTICLE II

AUTHORIZATION AND DESCRIPTION OF REVENUE BONDS

Section 2 01 The Service shall be obligated to pay the principal of and interest on the Revenue Bonds out of the receipts and revenues of the Service from the Service Contract As security for the payment of the principal of and interest on the Revenue Bonds the Service hereby assigns to the Government and grants to the Government 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 Government shall have all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code and the Act The Government 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 series of Revenue Bonds in the aggregate principal amount of \$3 212 500 to be evidenced by a single Bond which shall bear the descriptive title "Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond 1977 Series " The Bond shall be dated as of a day in December 1977 shall be issued as a fully registered bond without coupons in the denomination of \$3 212 500 shall be exchangeable upon not less than thirty (30) days' prior written notice by the holder thereof for fully registered bonds without coupons in the denomination of \$5 000 or any multiple thereof (except for one bond which shall be in the par or face amount of \$2 500) and shall bear interest from its date at the rate of five per centum (5%) per annum on the unpaid principal balance No principal shall be due and payable until December 31 1979 Interest only shall be due and payable on December 31 1977 June 30 1978 December 31, 1978 and June 30 1979 Both the principal of and interest on the Bond shall be due and payable in semiannual installments of \$94,833 each commencing December 31 1979 and continuing on June 30 and December 31 of each

and every year thereafter until June 30 2017 when the unpaid balance of the principal of and interest on the Bond shall become due and payable each installment when so paid to be applied first to the payment of the interest on the amount of principal remaining unpaid and the balance thereof credited to the principal

Section 2 03 The Bond shall be substantially in the following form with such appropriate variations omissions and insertions as are permitted or required by this Resolution The registered Revenue Bonds without coupons shall be numbered No "R-1 "

The principal of and interest on the Revenue Bonds shall be paid at the Finance Office of the Farmers Home Administration in Bel Air Maryland 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

MARYLAND ENVIRONMENTAL SERVICE
JOPPATOWNE SERVICE DISTRICT
WATER AND SEWER REFUNDING AND IMPROVEMENT
REVENUE BOND 1977 SERIES

\$3 212 500

1977

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 United States of America Farmers Home Administration (the "Government") or its registered assigns at the Finance Office of the Farmers Home Administration in Bel Air Maryland the principal amount of THREE MILLION TWO HUNDRED TWELVE THOUSAND FIVE HUNDRED DOLLARS with interest on the unpaid balance thereof at the rate of FIVE PER CENTUM (5%) PER ANNUM from the date of this revenue bond until the principal amount is paid No principal shall be due and payable until December 31 1979 Interest only shall be due and payable on December 31 1977 June 30 1978 December 31 1978 and June 30 1979 Both the principal of and interest on this revenue bond shall be due and payable in semiannual installments of \$94 833 each commencing December 31 1979 and continuing on June 30 and December 31 of each and every year thereafter until June 30 2017 when the unpaid balance of the principal of and interest on this revenue bond shall become due and payable Each installment when paid shall be applied first to the payment of the interest on the amount of principal then remaining unpaid and the balance thereof shall be credited to the principal

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 Volume and 1976 Cumulative Supplement) as amended and pursuant to a resolution duly adopted by the Board of Directors of the Service on October 11 1977 (the "Resolution")

The principal of and interest on this revenue bond are payable from the payments to be made by Harford County Maryland (the "County") pursuant to an agreement of even date herewith 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")

As security for the payment of the principal of and interest on this revenue bond the Service has assigned to the Government and has granted to the Government 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

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 Service in Annapolis Maryland 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

Upon not less than thirty (30) days' prior written notice to the Service by the registered holder hereof this revenue bond may be converted into and exchanged for fully registered revenue bonds without coupons in the denomination of \$5 000 or any multiple thereof (except for one bond which shall be in the par or face amount of \$2 500)

This revenue bond is the Bond issued under and pursuant to the Resolution and is secured as provided in the Resolution

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 nor shall it be deemed to constitute a general obligation of the Service but shall be payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract 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 revenue bond except from the aforesaid source 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 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 or the State of Maryland in his individual capacity and neither the

members of the Board of Directors of the Service nor the Assistant Attorney General of Maryland assigned to 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

It is hereby certified and recited by the Service that all acts and conditions and things necessary to be done precedent to and in the issuance of this revenue bond 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 revenue bond 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 revenue bond being intended as a confirmation of the existence and effect of such assignment

Prepayments of scheduled installments or any portion thereof may be made at any time at the option of the Service Refunds and extra payments as defined in the regulations of the Farmers Home Administration according to the source of funds involved shall after payment of interest be applied to the installments last to become due under this revenue bond and shall not affect the obligation of the Service to pay the remaining installments as scheduled herein

If the Government at any time assigns this revenue bond and insures the payment thereof the Service shall continue to make payments to the Government as collection agent for the holder

While this revenue bond is held by an insured lender prepayments as above authorized made by the Service may at the option of the Government be remitted by the Government to the holder promptly or except for final payment be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis The effective date of every payment made by the Service except payments retained and remitted by the Government on an annual installment due date basis shall be the date of the United States Treasury check by which the Government remits the payment to the holder The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by the Service and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Service to the Government without demand The Service agrees to use the loan evidenced hereby solely for purposes authorized by the Government

The Service hereby certifies that it is unable to obtain sufficient credit

elsewhere to finance its actual needs at rates and terms comparable to those set forth herein taking into consideration prevailing private and cooperative rates and terms in Maryland for loans for similar purposes and periods of time

If at any time it shall appear to the Government that the Service may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time the Service will at the Government's request apply for and accept such loan in sufficient amount to repay the Government

In case an "Event of Default " as defined in Article V of the Resolution shall occur the Government at its option may declare all or any part of any such indebtedness immediately due and payable Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of the Service to the Government or securing such a debt or other obligation

This revenue bond is given as evidence of a loan to the Service made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act This revenue bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof

Presentment protest and notice are hereby waived

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 affixed hereto and attested by the manual signature of its Secretary all as of the _____ day of _____ 1977

ATTEST

MARYLAND ENVIRONMENTAL SERVICE

Secretary

By _____
Director

(SEAL)

Section 2 04 The Bond 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 the Bond shall cease to be such officer of the Service before the Bond shall have been actually delivered to the Government 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 Bond may be issued and delivered with the same force and effect as though the person or persons who signed or sealed the Bond had not ceased to be such officer or officers of the Service and also the Bond may be signed and sealed on behalf of the Service by those persons who at the actual date of the execution of the Bond shall be the proper officers of the Service although at the nominal date of the Bond 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 to secure the full and final payment of the principal of and interest on the Bond

Section 2 06 The Bond shall be executed by the Service as provided in this Resolution and delivered to the Government upon payment by the Government of the par amount thereof plus accrued interest if any

ARTICLE III

SERVICE CONTRACT

Section 3 01 The execution and delivery by the Service 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 Government 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 Revenue Bonds issued hereunder and secured hereby at the place on the dates and in the manner specified herein and in the Revenue Bonds according to the true intent and meaning thereof. The Revenue Bonds shall constitute the limited obligations of the Service payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract.

Section 4 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 Revenue Bonds.

Section 4 03 The Service will not enter into any agreement with the County amending the Service Contract without the prior written consent of the Government So long as any of the Revenue Bonds are 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 Upon collection and receipt of such payments the Service will deposit them as provided in the Act to the credit of a special fund which is hereby created and pledged to the payment of the "Project Costs" and "Operating Costs " as defined in the Service Contract The said special fund shall be deemed the sinking fund required in connection with the Revenue Bonds under Section 3-119 of the Act pledged (1) first to payment of (1) the interest on the Revenue Bonds as it falls due (2) the principal of the Revenue Bonds as it falls due and (3) the necessary charges of paying agents for paying principal and interest and (11) secondly to payment of "Project Costs" other than principal and interest and to "Operating Costs " as defined in the Service Contract There are hereby created three separate accounts in the said special fund an operating account a capital account and a reserve account All moneys credited to the said special fund shall be deposited in the appropriate account The moneys held for the credit of the said operating account shall be used to pay the "Operating Costs " as defined in the Service Contract The moneys held for the credit of the said capital account shall be used to pay the "Project Costs " as defined in Service Contract Commencing with the fiscal year beginning July 1 1978 and ending June 30 1979 and in each fiscal year thereafter the Service shall withdraw from said capital account the amount of \$18 966 60 and deposit it in the said reserve account The moneys held for the credit of the said reserve account shall be used for the purpose of paying the interest on and principal of the Revenue Bonds whenever

and to the extent that the moneys held for the credit of the said capital account shall be insufficient for such purpose The Service may in its discretion transfer to the credit of the said capital account at any time the moneys held for the credit of the said reserve account in excess of \$189 666

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 Government 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 Government in the Service Contract and the receipts revenues and proceeds therefrom appropriate financing statements naming the Government 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 Government will file such necessary continuation statements from time to time as may be required pursuant to the provisions of the Maryland Uniform Commercial Code as amended from time to time to protect the security interest of the Government

Section 4 07 The Service covenants that it will annually provide the Government with a copy of the Service's annual financial statement as prepared and certified by an independent certified public accountant as soon as practicable fol-

lowing 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 Government 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 information previously furnished to the Government 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 Government in writing if any of the information previously furnished has changed materially or will (in the reasonable expectation of the Service) be subject to material 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 4 09 The Service covenants that it will comply with any and all requirements of the Act and the Service Contract

Section 4 10 The Service covenants and agrees to pay all Administration Expenses

ARTICLE V

DEFAULT

Section 5 01 An "Event of Default" shall be deemed to have occurred if (1) the Service shall default in the due and punctual payment of the principal of or the interest on the Revenue Bonds when and as the same shall become

due or (11) the Service shall default in the performance of any other provision of the Revenue Bonds this Resolution or any other instrument evidencing a debt or other obligation of the Service to the Government or securing such a debt or other obligation and such default shall continue for thirty (30) calendar days after written notice of such default has been given to the Service by the Government

ARTICLE VI

RESOLUTION CONSTITUTES A CONTRACT

Section 6 01 This Resolution shall constitute a contract with and for the benefit of the holders of the Revenue Bonds from time to time

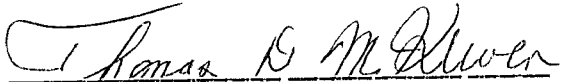
ARTICLE VII


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 Government 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 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 the Maryland Environmental Service was adopted at a meeting of such Board of Directors

duly called and held on October 11 1977 such Resolution to be effective on
the date of its adoption


Thomas D McKewen Director


Evan Crossley Secretary


Robert Chaney Treasurer

The Secretary of Natural Resources has approved on this day of
1977 the foregoing Resolution adopted by the Board of Directors
of the Maryland Environmental Service

James B Coulter
Secretary of Natural Resources
State of Maryland

BOARD MEETING MINUTES

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 9:30 a.m. on November 8, 1977 by the Director, Thomas D. McKewen.

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

Staff Members Present: Reed W. McDonagh, Deputy
Director
Michael T. Long, Administrative
Chief
Joseph G. Johns, Jr., Deputy
Treasurer

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

Mr. Richard E. Rice presented to the Board the form of the following resolution, supplemental to a resolution of the Board of Directors of the Maryland Environmental Service adopted on October 11, 1977, providing for the amendment of the October 11, 1977 resolution in order to substitute a new form of Service Contract (hereinafter defined) and change certain of the terms and conditions pertaining to the issuance and sale by the Service of its Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Bond, 1978 Series (the "Bond") in the principal amount of \$3,212,500.

Mr. Rice then presented to the Board the new 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" (the "Service Contract") to become effective as of the date of the Bond and supersede the contract dated July 1, 1976 between the Maryland Environmental Service and Harford County, Maryland.

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:

EXHIBIT A

(To a Resolution supplemental to the October 11, 1977 Resolution of the Board of Directors of Maryland Environmental Service)

OCTOBER 11, 1977 RESOLUTION AS SUPPLEMENTED AND
AMENDED TO DATE

RECITALS

By Chapter 4 of the Laws of Maryland of 1973 - First Extraordinary Session, the General Assembly of Maryland enacted Section 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974 Volume), 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 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 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 previously 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.

Pursuant to and in accordance with the provisions of the Act, the Service and the County have been 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 entered into an agreement with the County dated July 1, 1976, and designated "Contract to Pro-

vide Water Supply and (Wastewater Treatment Systems) Services to the Joppatowne Service District of Harford County, Maryland" (the "Original Service Contract"), whereunder the County has employed 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 entered into an agreement with the Utilities Corporation and the County dated May 20, 1976 (the "Purchase Agreement"), pursuant to which the Service agreed to purchase the Project from the Utilities Corporation, and the Utilities Corporation agreed to sell the Project to the Service.

On June 11, 1976, the Board of Directors of the Service adopted a resolution (which was approved by the Secretary of Natural Resources on June 15, 1976) authorizing and providing for the issuance and sale by the Service of its bond anticipation note designated "Maryland Environmental Service 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 Note was delivered to Maryland National Bank, purchaser, on July 1, 1976, on which date Maryland National Bank paid the principal amount of the Note to the Service.

On July 1, 1976, the Service acquired the Project from the Utilities Corporation, paying to the Utilities Corporation as consideration therefor the amount of \$3,150,000 from the proceeds of the Note. The Department of Assessments and Taxation of the State of Maryland accepted for record, on the same date, Articles of Transfer transferring the Project to the Service.

Pursuant to the request of the County, the Service has determined to enter into an agreement with the County, to be dated as of the date of the Bond (hereinafter defined), 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"), superseding the Original Service Contract, whereunder the County and the Service shall agree to participate in the joint operation and maintenance of the Project.

The Service has applied for a loan from the United States of America, Farmers Home Administration (the "Government"). On March 8, 1977, the Service delivered to the Government a document designated "Letter of Intent To Meet Conditions," bearing that date, in which the Service expressed its intention of meeting the conditions for further processing of its loan application as established in a letter of the same date from the Government to the Service. On the same date the Service entered into two agreements with the Government, on standard forms, designated "Equal Opportunity Agreement" and "Nondiscrimination Agreement," respectively.

On May 25, 1977, the Board of Directors of the Service adopted a resolution designated "Loan Resolution" authorizing and providing for the incurrence of indebtedness for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving and/or extending the Project, and specifically resolving (among other things) to adopt subsequently a resolution providing for the issuance of the Bond.

On October 11, 1977, the Board of Directors of the Service adopted a resolution authorizing and providing for the issuance and sale by the Service of its revenue bond designated "Maryland Environmental Service Joppatowne Service

District Water and Sewer Refunding and Improvement Revenue Bond, 1977 Series" in the principal amount of \$3,212,500 (the "Bond"), in order to refund the Note, permanently finance the acquisition and improvement of the Project, and fulfill, in part, the obligations of the Service under the Service Contract.

The Service has determined that it is now necessary, prior to issuance and sale of the Bond, to change certain of the terms and conditions pertaining to the Bond.

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

Section 1: That, acting pursuant to the Act, it is hereby found and determined that the acquisition and improvement 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 Service Contract will result in (a) dependable, effective and efficient water supply and disposal of liquid wastes in the Service District, (b) improvement of the quality of water resources in the Service District and the Little Gunpowder Falls River Basin 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 Water and Sewer Refunding and Improvement Revenue Bond, 1978 Series (the "Bond") in the principal amount of \$3,212,500 is hereby authorized, subject to the provisions of this Resolution, the Bond to constitute the limited obligation of the Service, payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract and from any payments to the Service by the Comptroller of the State of Maryland on account of the Project pursuant to Section 3-109(b) of the Act.

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

Section 3: That the Bond is hereby sold to the Government 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 Bond.

Section 4: That the Bond 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 Government, as purchaser of the Bond, and with all those who shall, from time to time, hold the Bond, 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" means Sections 3-101 to 3-131, both inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1974 Volume and 1977 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, this Resolution, the refunding of the

Note and the financing of the Project, including without limitation any expenses incurred by the Service (including legal expenses) in connection with the sale of the Bond and the perfection of the security interest created by this Resolution, and any and all expenses incurred by the Government (including legal expenses) in connection with the enforcement of this Resolution and the collection of the Bond.

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

"Government" means the United States of America, Department of Agriculture, Farmers Home Administration, and its successors and assigns.

"Note" means the Maryland Environmental Service Joppatowne Service District Bond Anticipation Note dated July 1, 1976 in the principal amount of \$3,205,000, which was sold on July 1, 1976 to Maryland National Bank.

"Original Service Contract" means the agreement between the Service and the County 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."

"Project" means the water supply and wastewater treatment system and facilities previously 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, acquired by the Service on July 1, 1976 pursuant to the terms of the Purchase Agreement and the Original 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 agreed to purchase the Project from the Utilities Corporation, and the Utilities Corporation 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" or "Bond" means the Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond, 1978 Series, in the principal amount of \$3,212,500, and the Revenue Bonds for which such Bond may be exchanged in accordance with this Resolution.

"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 as of the date of the Bond, and entitled "Contract to Provide Water Supply and Wastewater Treatment Systems and Services to the Joppatowne Service District of Harford County, Maryland," superseding the Original Service Contract.

"Service District" means the Joppatowne Service District, created under the Service Contract, 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 shall have the same meanings, respectively, in this Resolution and with respect to the Revenue Bonds authorized hereby, as are given to such words and terms by Section 3-101 of the Act.

ARTICLE II

AUTHORIZATION AND DESCRIPTION OF REVENUE BONDS

Section 2.01. The Service shall be obligated to pay the principal of and interest on the Revenue Bonds out of the receipts and revenues of the Service from the Service Contract. As security for the payment of the principal of and interest on the Revenue Bonds, the Service hereby assigns to the Government and grants to the Government 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 Government shall have all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code and the Act. The Government, 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 series of Revenue Bonds in the aggregate principal amount of \$3,212,500, to be evidenced by a single Bond which shall bear the descriptive title "Maryland Environmental Service Joppatowne Service District Water and Sewer Refunding and Improvement Revenue Bond, 1978 Series." The Bond shall be dated as of a day in January, 1978; shall be issued as a fully registered bond without coupons in the denomination of \$3,212,500; shall be exchangeable, upon not less than thirty (30) days' prior written notice by the holder thereof, for fully registered bonds

without coupons in the denomination of \$5,000 or any multiple thereof (except for one bond which shall be in the par or face amount of \$2,500); and shall bear interest from its date at the rate of five per centum (5%) per annum on the unpaid principal balance. Both the principal of and interest on the Bond shall be due and payable in eighty (80) semiannual installments of \$93,259 each, commencing six (6) months after the date of the Bond, and continuing until the 40th annual anniversary of the Bond in 2018, when the unpaid balance of the principal of and interest on the Bond shall become due and payable; each installment when so paid to be applied, first, to the payment of the interest on the amount of principal remaining unpaid and the balance thereof credited to the principal.

Section 2.03. The Bond shall be substantially in the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The registered Revenue Bonds without coupons shall be numbered No. "R-1."

The principal of and interest on the Revenue Bonds shall be paid at the National Finance Office, Farmers Home Administration/United States Department of Agriculture, 1520 Market Street, St. Louis, Missouri 63103, or such other place as the Government may designate, 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.

MARYLAND ENVIRONMENTAL SERVICE
JOPPATOWNE SERVICE DISTRICT
WATER AND SEWER REFUNDING AND IMPROVEMENT
REVENUE BOND, 1978 SERIES

\$3,212,500 _____, 1978

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 United States of America, Farmers Home Administration (the "Government") or its registered assigns, at the Finance Office of the Farmers Home Administration in Bel Air, Maryland, the principal amount of THREE MILLION TWO HUNDRED TWELVE THOUSAND FIVE

HUNDRED DOLLARS, with interest on the unpaid balance thereof at the rate of FIVE PER CENTUM (5%) PER ANNUM from the date of this revenue bond until the principal amount is paid. Both the principal of and interest on this revenue bond shall be due and payable in eighty (80) semiannual installments of \$93,259 each, commencing six (6) months after the date of the Bond, and continuing until the 40th annual anniversary of the Bond in 2018, when the unpaid balance of the principal of and interest on this revenue bond shall become due and payable. Each installment when paid shall be applied, first, to the payment of the interest on the amount of principal then remaining unpaid, and the balance thereof shall be credited to the principal.

The 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 Volume and 1976 Cumulative Supplement), as amended, and pursuant to a resolution duly adopted by the Board of Directors of the Service on October 11, 1977, as amended and supplemented by a resolution adopted by the Board of Directors of the Service on November 8, 1977 (the "Resolution").

The principal of and interest on this revenue bond are payable from the payments to be made by Harford County, Maryland (the "County") pursuant to an agreement of even date herewith 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").

As security for the payment of the principal of and interest on this revenue bond, the Service has assigned to the Government and has granted to the Government 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.

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 Service in Annapolis, Maryland, 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.

Upon not less than thirty (30) days' prior written notice to the Service by the registered holder hereof, this revenue bond may be converted into, and exchanged for, fully registered revenue bonds without coupons in the denomination of \$5,000 or any multiple thereof (except for one bond which shall be in the par or face amount of \$2,500).

This revenue bond is the Bond issued under and pursuant to the Resolution and is secured as provided in the Resolution.

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, nor shall it be deemed to constitute a general obligation of the Service, but shall be payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract and any payments

to the Service by the Comptroller of the State of Maryland on account of the Project pursuant to Section 3-109(b) of the Maryland Environmental Service Act. 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 revenue bond except from the aforesaid source, 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 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 or the State of Maryland in his individual capacity, and neither the members of the Board of Directors of the Service nor the Assistant Attorney General of Maryland assigned to 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.

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 revenue bond 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 revenue bond 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 revenue bond being intended as a confirmation of the existence and effect of such assignment.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Service. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this revenue bond and shall not affect the obligation of the Service to pay the remaining installments as scheduled herein.

If the Government at any time assigns this revenue bond and insures the payment thereof, the Service shall continue to make payments to the Government as collection agent for the holder.

While this revenue bond is held by an insured lender, prepayments as above authorized made by the Service may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by the Service, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by the Service, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Service to the Government without demand. The Service agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Service hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in Maryland for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that the Service may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, the Service will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

In case an "Event of Default," as defined in Article V of the Resolution, shall occur, the Government at its option may declare all or any part of any such indebtedness immediately due and payable. Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of the Service to the Government or securing such a debt or other obligation.

This revenue bond is given as evidence of a loan to the Service made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This revenue bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

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 affixed hereto and attested by the manual signature of its Secretary, all as of the _____ day of _____, 1978.

ATTEST:

MARYLAND ENVIRONMENTAL SERVICE

Secretary

By _____
Director

(SEAL)

Section 2.04. The Bond 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 the Bond shall cease to be such officer of the Service before the Bond shall have been actually delivered to the Government 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 Bond may be issued and delivered with the same force and effect as though the person or persons who signed or sealed the Bond had not ceased to be such officer or officers of the Service; and also the Bond may be signed and sealed on behalf of the Service by those persons who, at the actual date of the execution of the Bond, shall be the proper officers of the Service, although at the nominal date of the Bond 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 any payments to the Service by the Comptroller of the State of Maryland on account of the Project pursuant to Section 3-109(b) of the Act, to secure the full and final payment of the principal of and interest on the Bond.

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

ARTICLE III

SERVICE CONTRACT

Section 3.01. The execution and delivery by the Service 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 Government 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 Revenue Bonds issued hereunder and secured hereby at the place, on the dates and in the manner specified herein and in the Revenue Bonds, according to the true intent and meaning thereof. The Revenue Bonds shall constitute the limited obligations of the Service, payable solely from the special fund provided therefor from the receipts and revenues of the Service from the Service Contract and any payments to the Service by the Comptroller of State of Maryland on account of the Project pursuant to Section 3-109(b) of the Act.

Section 4.02. 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 Revenue Bonds.

Section 4.03. The Service will not enter into any agreement with the County amending the Service Contract, without the prior written consent of the Government. So long as any of the Revenue Bonds are outstanding, the Service will enforce all of the obligations of the County under the Service Contract, including (without limitation) the covenants to pay, or cause to be paid, all the payments and other costs and charges payable by the County under the Service Contract. Upon collection and receipt of such payments, the Service will deposit them as provided in the Act, to the credit of a special fund, which is hereby created and pledged to the payment of the "Project Costs" and "Operating Costs," as defined in the Service Contract. The said special fund shall be deemed the sinking fund required in connection with the Revenue Bonds under Section 3-119 of the Act, pledged (i) first, to payment of (1) the interest on the Revenue Bonds as it falls due, (2) the principal of the Revenue Bonds as it falls due, and (3) the necessary charges of paying agents for paying principal and interest, and (ii) secondly, to payment of "Project Costs" other than principal and interest and to "Operating Costs," as defined in the Service Contract. There are hereby created three separate accounts in the said special fund, an operating account, a capital account and a reserve account. All moneys credited to the said special fund shall be deposited in the appropriate account. The moneys held for the credit of the said operating account shall be used to pay the "Operating Costs," as defined in the Service Contract. The moneys held for the credit of the said capital account shall be used to pay the "Project Costs," as defined in the Service Contract. Commencing with the fiscal year beginning July 1, 1978 and ending June 30, 1979, and in each fiscal year thereafter, the Service shall withdraw from said capital account the amount of \$18,651.80 and deposit it in the said reserve account. The moneys held for the credit of the said reserve account shall be used for the purpose of paying the interest on and principal of the Revenue Bonds whenever

and to the extent that the moneys held for the credit of the said capital account shall be insufficient for such purpose. The Service may, in its discretion, transfer to the credit of the said capital account at any time the moneys held for the credit of the said reserve account in excess of \$186,518.

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 Government, 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, 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. However, this Section shall not prohibit the payment from such derived payments or receipts of Operating Costs and Project Costs (as those terms are defined in the Service Contract).

Section 4.06. The Service covenants that, in order to perfect the security interest of the Government in the Service Contract and the receipts, revenues and proceeds therefrom, appropriate financing statements, naming the Government as "Secured Party," will be filed in the appropriate state and county offices as required by the provisions of the Maryland Uniform Commercial Code, as amended.

Section 4.07. The Service covenants that it will annually provide the Government with a copy of the Service's annual financial statement as prepared and certified by an independent certified public accountant, as soon as practicable fol-

lowing 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 Government 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 information previously furnished to the Government 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 Government in writing if any of the information previously furnished has changed materially, or will (in the reasonable expectation of the Service) be subject to material 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 4.09. The Service covenants that it will comply with any and all requirements of the Act and the Service Contract.

Section 4.10. The Service covenants and agrees to pay all Administration Expenses.

ARTICLE V

DEFAULT

Section 5.01. An "Event of Default" shall be deemed to have occurred if (1) the Service shall default in the due and punctual payment of the principal of or the interest on the Revenue Bonds when and as the same shall become

due; or (ii) the Service shall default in the performance of any other provision of the Revenue Bonds, this Resolution or any other instrument evidencing a debt or other obligation of the Service to the Government or securing such a debt or other obligation, and such default shall continue for thirty (30) calendar days after written notice of such default has been given to the Service by the Government.

ARTICLE VI

RESOLUTION CONSTITUTES A CONTRACT

Section 6.01. This Resolution shall constitute a contract with, and for the benefit of, the holders of the Revenue Bonds 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 Government. 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 deemed to be part of the terms and conditions of this Resolution for any and all purposes.

ASSENT AND ACKNOWLEDGEMENT

BY THE SERVICE AND THE FARMERS HOME ADMINISTRATION

The Board of Directors of the Maryland Environmental Service and the United States of America, Farmers Home Administration hereby assent to the provisions of the foregoing Supplemental Resolution and acknowledge Exhibit A thereto as the document comprising the October 11, 1977 Resolution as supplemented and amended to date.

MARYLAND ENVIRONMENTAL SERVICE

Eric Crossley

Thomas D.H. Wilson

J. Paul Clancy

(SEAL)

Dated: *Nov. 8, 1977*

UNITED STATES OF AMERICA,
FARMERS HOME ADMINISTRATION

(SEAL)

Dated:

RESOLUTION

A RESOLUTION supplemental to a resolution of the Board of Directors of the Maryland Environmental Service (the "Service") adopted on October 11, 1977, providing for the amendment of the October 11, 1977 resolution in order to (i) substitute a new form of Service Contract, as provided for in Section 4, Article III, Section 3.01 of the October 11, 1977 resolution, to be dated as of the date of the Service's revenue bond designated "Maryland Environmental Service Joppatowne Water and Sewer Refunding and Improvement Revenue Bond, 1978 Series" in the principal amount of \$3,212,500 (the "Bond") and (ii) change certain of the terms and conditions pertaining to the issuance and sale by the Service of its Bond, such changes to include, among other things: (1) that both principal of and interest on the Bond shall be payable in semiannual installments of \$93,259 each, commencing six months after the date of the Bond; (2) that the principal of and interest on the Bond shall be payable solely from the special fund provided therefor from revenues derived from (i) payments to the Service under an agreement (the Service Contract referred to hereinabove) to be entered into between the Service and Harford County, Maryland, and to be dated as of the date of the Bond and (ii) any payments to the Service by the Comptroller of the State of Maryland on account of the Joppatowne Wastewater Treatment and Water Supply Project pursuant to Section 3-109(b) of the Maryland Environmental Service Act; (3) that the Bond shall be dated as of a day in January, 1978; and (4) clarification of certain provisions of the October 11, 1977 resolution, and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of the

Bond.

RECITALS

On October 11, 1977, the Board of Directors of the Service adopted a resolution (the "October 11, 1977 Resolution") authorizing and providing for the issuance and sale by the Service of its Bond 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 1977 Cumulative Supplement). The Bond as of this date has not been issued or sold to any purchaser.

The Service has determined that it is necessary prior to issuance and sale of the Bond, to amend the October 11, 1977 Resolution in order to change certain of the terms and conditions pertaining to the Bond.

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

Section 1: That, the October 11, 1977 Resolution is hereby amended to read as set forth in Exhibit A to this Resolution. The provisions of the October 11, 1977 Resolution as set forth in Exhibit A shall hereafter control and may be relied upon hereafter as comprising the entire amended and supplemental October 11, 1977 Resolution. The Board of Directors of the Service and the United States of America, Farmers Home Administration shall execute the Assent and Acknowledgment at the end of Exhibit A to indicate their assent to the provisions of this Section, to the Resolution as set forth in Exhibit A and to the identification of Exhibit A as the document comprising the October 11, 1977 Resolution, as supplemented and amended to date.

Section 2. That, this Resolution is hereby declared to be a supplemental resolution adopted pursuant to and in accordance with Section 4 Article VII, Section 7.01 of the October 11, 1977 Resolution. As provided in such Section 7.01, this Resolution shall become effective only upon approval of it by the United


States of America, Farmers Home Administration. Such approval shall be evidenced by the execution of the Approval of Government which is set forth on the last page of this Resolution.


Section 3. The form of the Service Contract submitted to and approved by the Board of Directors of the Service at the meeting at which this Resolution was adopted shall be substituted for the form approved by the said Board at its meeting on October 11, 1977. The provisions of Section 4, Article III, Section 3.01 of the October 11, 1977 Resolution as amended and supplemented to date, being attached hereto as Exhibit A, shall be deemed to apply to the form of Service Contract submitted to and approved by the Board of Directors of the Service at the meeting at which this Resolution was adopted.

The foregoing Resolution of the Board of Directors of the Service was adopted at a meeting of such Board of Directors duly called and held on November 8, 1977, such Resolution to be effective upon approval by the United States of America, Farmers Home Administration.

(SEAL)


Thomas D. Mckewen, Director


Evan Crossley, Secretary


Robert Chaney, Treasurer

The Secretary of Natural Resources has approved on this _____ day of _____, 197_ the foregoing Resolution adopted by the Board of Directors of the Maryland Environmental Service.

(SEAL)

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

APPROVAL OF GOVERNMENT

The United State of America, Farmers Home Administration on this _____ day of _____, 1978 hereby approves the foregoing Resolution for purposes of Section 4, Article VII, Section 7.01 of the October 11, 1977 Resolution.

UNITED STATES OF AMERICA,
FARMERS HOME ADMINISTRATION

(SEAL)

By _____