BOARD OF DIRECTORS OF MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION

A RESOLUTION authorizing

the participation of the Maryland Environmental Service (the "Service") in the financing and acquisition, construction and equipping of water and wastewater facilities (the "Project") located at the Eastern Correctional Institution in Somerset County, Maryland through, among other things, the subleasing of the site on which the Project is to be located and the purchase of the improvements constructed thereon pursuant to a Conditional Purchase Agreement (the "Purchase Agreement") between the Service and the State of Maryland (the "State") for the use of the Department of Public Safety and Correctional Services (the "Department") as purchasers and a bank or trust company selected by the Office of the Treasurer of the State, as seller (the "Seller"); approving the execution and delivery of the Purchase Agreement and a Contract for Operation and Maintenance within the State relating to the Project; approving the execution and delivery of the Certificate of Participation Trust Agreement among the Service, the State and a bank or trust company selected by the Office of the Treasurer of the State, as trustee and as seller (the "Trust Agreement"); providing for the Certificates to be payable solely from amounts appropriated by the State for the Department; approving the form of notice of sale with respect to the Certificates and authorizing the Director to determine the successful bidder for the Certificates in accordance with the terms of the notice of sale; approving the Preliminary Official Statement with respect to the Certificates and authorizing the preparation of the Final Official Statement; and providing generally for other matters necessary to the issuance, sale and delivery of the Certificates.

RECITALS

Maryland Environmental Service (the "Service") was created by, exists under, and exercises the powers contained in, Sections 3-101 to 3-129, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume and 1990 Supplement) as amended to date (the "Act"), including (among others) the powers **(i)** to borrow money and issue bonds or notes for the purpose of paying all or any part of the cost of any one or more projects and to provide for the security of such bonds or notes and the rights of the holders thereof; and **(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 (the "State"), providing for or relating to the furnishing of services to or the facilities of any project of the Service.

The Service has developed the Project (as defined below) in cooperation with the Department of Public Safety and Correctional Services (the "Department") as a means of providing water and wastewater facilities to the Eastern Correctional Institution in Somerset County, Maryland. The Project consists (by way of general description and not limitation) of water and wastewater facilities to be located on the Property (as defined below) at the Eastern Correctional Institution in Somerset County, Maryland. The Service will operate the Project pursuant to a Contract for Operation and Maintenance between the Service and the Department (the "Operation Agreement").

Funds to provide for the payment of the acquisition, construction and equipping of the Project are to be obtained through an offering of Certificates of Participation (the "Certificates") in a Conditional Purchase Agreement (the "Purchase Agreement") between the State of Maryland for the use of the Department and the Service, as purchasers and a bank or trust company selected by the Office of the Treasurer of the State, as seller (the "Seller"), which Certificates will provide the holders thereof with a proportionate share in the purchase installments to be made by the Service and the Department to the Seller under the Purchase Agreement.

The State has agreed to lease to the Seller for a term as long as the term of the Certificates the real property (the "Property") on which the Project will be constructed (the "Ground Lease"). Pursuant to the terms of the Purchase Agreement, the Service and the State will sublease the Property from the Seller and will pay the purchase installments to the Seller in consideration of the use of the Project and the acquisition of the ownership thereof.

The Certificates will be issued pursuant to Trust Agreement dated as of June 1, 1991 (the "Trust Agreement") among the Service, the State and a bank or trust company selected by the Office of the Treasurer of the State as trustee (the "Trustee"). In order to provide security for the Certificates, the Seller will assign all its right, title and interest in and grant a security interest in the Purchase Agreement, including (without limitation) its right to receive all of the purchase installments, to the Trustee. The Certificates shall be payable from the purchase installments to be appropriated by the State for the Department. The Certificates shall never constitute an indebtedness of the Service or the general credit or taxing power of the State within the meaning of any constitutional or statutory limitation.

The Service considers the financing, acquisition, construction and operation of the Project to be in furtherance of the public purposes of the Act and the Service.

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

1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.

2. The issuance, sale and delivery of the Certificates in the aggregate principal amount of $7,630,000 to be designated Maryland Environmental Service Certificates of Participation (Water and Wastewater Facilities Project), Series 1991A shall be, and hereby are, approved to provide funds for the payment of all or any part of the cost of the Project, as provided in the Act and the Trust Agreement. Such principal amount constitutes the Preliminary Aggregate Principal Amount of the Bonds provided for in the Notice of Sale (defined herein). It is hereby acknowledged that in connection with the sale of the Certificates, such amount may be increased or decreased at the direction of the Director or Deputy Director by nor more than $250,000 in accordance with the terms of the Notice of Sale. The Final Aggregate Principal Amount (as defined in the Notice of Sale) of the Certificates is hereby approved as and for the aggregate principal amount of the Certificates.

3. The Certificates shall be sold pursuant to a Notice of Sale in the form of Appendix B to the Preliminary Official Statement presented to this meeting (the "Notice of Sale"). The Director or Deputy Director of the Service shall be, and hereby are, authorized to award the Certificates to the successful bidder therefore in accordance with the terms of the Notice of Sale (the "Successful Bidder"). The sale shall be held on May 23, 1991 or at such later time as the Director or Deputy Director of the Service determines to be appropriate or necessary.

The principal amount of each maturity of the Certificates is as follows:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
1993	$225,000	2002	$375,000
1994	$235,000	2003	$400,000
1995	$250,000	2004	$425,000
1996	$260,000	2005	$455,000
1997	$280,000	2006	$485,000
1998	$295,000	2007	$515,000
1999	$310,000	2008	$550,000
2000	$330,000	2009	$590,000
2001	$350,000	2010	$630,000
		2011	$670,000

Such principal amount of each maturity constitutes the Preliminary Principal Amount of each maturity of the Certificates provided for in the Notice of Sale. It is hereby acknowledged that in connection with the sale of the Certificates, such amounts may be increased or decreased at the direction of the Director or Deputy Director by nor more than $75,000 for any maturity in accordance with the terms of the Notice of Sale. The Final Principal Amount of each maturity of the Certificates is hereby approved as and for the principal amount of each maturity of the Certificates.

4. The Director and the Deputy Director are hereby authorized and directed to collect the check of the Successful Bidder and to retain the proceeds thereof to be applied as partial payment for the Certificates and to return the checks received with the proposals not accepted, all in accordance with the provisions of the Notice of Sale.

5. The Certificates shall be issued under, secured in accordance with, and have the terms set forth in the Trust Agreement substantially in the form of the Trust Agreement presented to this meeting. Such form of Trust Agreement shall be, and hereby is directed to be, filed among the permanent records of the Service. The Certificates shall bear interest at the rate or rates of interest set forth in the bid of the Successful Bidder for the Certificates, and shall be sold to the Successful Bidder for the price set forth in the bid of such Successful Bidder. The Certificates shall be, and hereby are directed to be, executed and delivered to the Trustee appointed hereby by the Director substantially in the form of Certificate appended to the form of Indenture presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution. Upon delivery of the Certificates, the Trustee shall authenticate such Certificates and deliver the same to the purchaser thereof.

6. The Trust Agreement (including, without limitation, the form of Certificate appended thereto as Appendix A) shall be, and hereby is adopted and approved, and the Director of the Service shall be, and hereby is, authorized to execute and deliver such Trust Agreement substantially in the form approved hereby with such changes, omissions, insertions, and revisions as shall be deemed advisable by the Director; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

7. Prior to the delivery of the Certificates, the Service shall enter into (i) the Purchase Agreement with the State as purchasers and the Seller and (ii) the Operation Agreement with the Department, substantially in the form of the Purchase Agreement presented to this meeting. Such form of Purchase Agreement hereby is adopted and approved and shall be, and hereby is directed to be, filed among the permanent records of the Service. The Director shall be, and hereby is, authorized to execute and deliver the Purchase Agreement and the Operation Agreement substantially in the form of such document approved hereby with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

8. The form of the Preliminary Official Statement presented to this meeting shall be, and hereby is, approved and the distribution thereof is approved and ratified hereby. Such Preliminary Official Statement shall be, and hereby is directed to be, filed among the permanent records of the Service. The Director shall be, and hereby is, authorized to prepare, execute and distribute the final Official Statement, with such changes, omissions, insertions and revisions to the Preliminary Official Statement as the Director shall deem desirable; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

9. It is hereby authorized that the total purchase price for the Certificates shall be paid to the Director or the Deputy Director, as agent of the Service for the purpose of receiving the purchase price and delivering the Certificates to the Successful Bidder. Immediately upon the receipt thereof, the purchase price shall be deposited with the Trustee in the proper accounts as provided in the Trust Agreement.

10. The Director, the Deputy Director, and such other Officers of the Service designated by either of them shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents and certificates as the Director or Deputy Director shall deem desirable to effect the completion of the issuance, sale, and delivery of the Certificates and the other matters contemplated by this Resolution and the Trust Agreement.

11. The execution by the Director or the Deputy Director of the Service of any document authorized herein to be executed by the Director shall constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Service herewith, by the Service.

12. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 16th day of May, 1991.

MARYLAND ENVIRONMENTAL SERVICE

(SEAL)

BY: _____
GEORGE G. PERDIKAKIS, DIRECTOR

BY: _____
ANNETTE GRIM, DEPUTY DIRECTOR

BY: _____
R. KENNETH BARNES, SECRETARY

BY: _____
EDWARD A. GRIFFITH, TREASURER

BY: _____
ROBERT W. PIERCE

BY: (NOT PRESENT)
EDWIN G. RICHARDS

BY: _____
LAWRENCE D. SHUBNELL