BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(91-0926-01)

A RESOLUTION

ratifying the execution of a Certificate of Incumbency by an employee of the Maryland Environmental Service ("Service") and certifying the incumbency of the Director of Administration and Finance.

R E C I T A L S

The Service was created by, exists under, and exercises the powers contained in Section 3-101 to 3-129, inclusive, of the Natural Resources Article of the Annotated Code of Maryland including (among others) the power 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 or for any other purpose of the Service.

The Board of Directors of the Maryland Environmental Service approved a Resolution on August 22, 1991 authorizing the Service's participation in Master Lease/Purchase Agreement with Signet Leasing and Financial Corporation. The purpose of the Service's participation is to acquire vehicles necessary for the Service to fulfill its statutory and contractual obligations.

As a condition of the Service's participation in the Master/Lease Purchase Agreement, the Service must execute a formal Agreement with Signet Leasing and Financial Corporation. The form of the Agreement includes an Incumbency Certificate which must be executed by the appointed or acting Secretary/Clerk of the Service. The purpose of the Incumbency Certificate is to attest that the person executing the Agreement on behalf of the Service holds the position identified on the Agreement, that the person's signature is true and authentic, and that the person has authority to enter into the Agreement.

On August 30, 1991, the Service entered into a Master Lease/Purchase Agreement. See Exhibit 1. The Agreement was executed by Ms. Annette Grim, Director of Administration and Finance. Ms. Grim also serves as Deputy Director of the Service.

At the time the Agreement was executed the Secretary of the Service was not available to execute the Incumbency Certificate. Ms. Grim could not execute the Incumbency Certificate as it was her signature that was the subject of the Certification. The Certificate was executed by Ms. Beth Schomburg. The purpose of this Resolution is to ratify the execution of the Incumbency Certificate by Ms. Schomburg.

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

1. The Board of Directors of the Maryland Environmental Service ratifies and approves the execution of the Incumbency Certificate identified herein by Ms. Beth Schomburg.

2. The Board of Directors of the Maryland Environmental Service certifies that on August 30, 1991, Ms. Annette Grim was the duly appointed Director of Administration and Finance for the Service and Deputy Director, and that Ms. Grim had authority to enter into the Agreement identified herein on behalf of the Service.

3. This Resolution shall take effect immediately.

ADOPTED, this 26th day of September, 1991.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

By: _____
George G. Perdikakis

By: _____
Edward A. Griffith, Treasurer

By: _____
Dr. R. Kenneth Barnes, Secretary

MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT

Exhibit 1

THIS MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT (the "Agreement") is dated as of August 30, 1991 and entered into between SIGNET LEASING AND FINANCIAL CORPORATION ("Lessor"), and Maryland Environmental Service ("Lessee").

RECITALS

A. Lessor desires to lease the Equipment, as hereinafter defined, to Lessee and Lessee desires to lease the Equipment from Lessor, subject to the terms and conditions of and for the purposes set forth in this Agreement.

B. This Agreement shall be implemented through one or more series of Acceptance Certificates, Schedules of Payments and related documents with each series of the foregoing constituting a single transaction subject to and entered into pursuant to this Agreement.

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Lessee represents, covenants and warrants to Lessor as follows: (a) Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, (the "Code") and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such; (b) Lessee is authorized under the Constitution and laws of the State of Maryland (the "State") to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.; (c) The execution and delivery of this Agreement by or on behalf of Lessee has been duly authorized by all necessary action of the governing body of Lessee, Lessee has obtained such other approvals and consents as are necessary to consummate this Agreement, and all requirements have been met and procedures have been followed in order to ensure the enforceability of this Agreement; (d) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition of the Equipment hereunder; (e) Lessee shall cause to be executed and delivered to Lessee an essential use letter, an opinion of its counsel and an incumbency certificate in form and substance satisfactory to Lessor; (f) The execution, delivery and performance of this Agreement and transactions contemplated herein will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bond, loan or credit agreement or other instrument to which Lessee is a party or by which it is bound; (g) There are no actions, suits or proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee in any court or before any governmental commission, board or authority which, if adversely determined, would have a material adverse effect on the ability of Lessee to perform its obligations hereunder; (h) The Equipment is, and shall remain during the term of this Agreement (the "Term") personal property; and (i) Lessee will promptly and duly execute and deliver to Lessor such further documents, instruments and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

ARTICLE II — *DEFINITIONS; IMPLEMENTATION*

Section 2.01. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Acceptance Certificate" is the document, substantially in the form attached, which shall be executed and delivered to Lessor as evidence of the acceptance of the Equipment by Lessee and the date thereof.

"Commencement Date" is the date when the Lessee delivers an executed Acceptance Certificate to Lessor or the date when Lessor deposits the anticipated acquisition price of the Equipment in an escrow fund, whichever occurs first.

"Equipment" means the personal property consisting of equipment described in the Essential Use Letter and one or more Acceptance Certificates executed by Lessee and delivered to Lessor pursuant hereto, together with any and all additions, modifications, attachments, accessions, substitutions, replacements and parts thereof.

"Schedule of Payments" means the document(s) substantially in the form attached which shall set forth the terms and provisions of Lessee's payment obligation with respect to the Equipment and which shall include an amortization table for such payments.

2.02. *Implementation of Escrow Funded Transaction.* Escrow funded transactions entered into hereunder shall be implemented by Lessee executing and delivering to Lessor (a) a Schedule of Payments; (b) an Escrow Agreement; and (c) upon acceptance of the Equipment, an Acceptance Certificate with respect thereto.

2.03. *Implementation of Non-Escrow Funded Transactions.* Non-escrow funded transactions entered into hereunder shall be implemented by Lessee executing and delivering to Lessor, upon acceptance of the Equipment, an Acceptance Certificate with respect thereto to which shall be attached the related Schedule of Payments.

2.04 *General.* Each transaction implemented and entered into hereunder shall be deemed to be a separate and distinct legal and binding obligation of Lessee with this Agreement being applicable thereto independent of additional transactions which may be entered into by Lessor and Lessee hereunder.

ARTICLE III — *TERM*

Section 3.01. *Term of Agreement.* This Agreement shall be effective as of the date of execution hereof and shall remain in effect until Lessee has paid all rental payments ("Rental Payments") and other amounts due hereunder, subject to Section 3.02 below.

Section 3.02. *Termination of Term.* The Term will terminate upon the earliest of any of the following events:

(a) the nonappropriation of funds and termination of this Agreement pursuant to Section 5.06;
(b) Lessee's purchase of the Equipment under the provisions of Article VIII or X of this Agreement;
(c) a default by Lessee and Lessor's election to terminate this Agreement under Article XII; or
(d) the payment by Lessee of all Rental Payments and all other sums required to be paid by Lessee hereunder.

ARTICLE IV — *ENJOYMENT OF EQUIPMENT*

Section 4.01. So long as Lessee is not in default hereunder, as to claims of Lessor or persons claiming under Lessor, Lessor hereby covenants that Lessee shall peaceably and quietly have, hold, possess, use, and enjoy the Equipment, without suit, trouble or hindrance from Lessor, subject to the terms and provisions hereof. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

ARTICLE V — *RENTAL PAYMENTS*

Section 5.01. *Rental Payments Not to Constitute a Full Faith and Credit Obligation of Lessee.* Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder constitutes a current expense of Lessee and not a debt in contravention of constitutional or statutory limitations nor a pledge of the full faith and credit or the general tax revenues, funds or monies of Lessee.

Section 5.02. *Payment of Rental Payments.* Lessee shall pay Rental Payments exclusively from legally available funds in lawful money of the United States of America to Lessor at the address set forth on the execution page hereof in the amounts and on the dates set forth in the Schedule of Payments.

Section 5.03. *Interest and Principal Components.* As set forth on the Schedule of Payments, a portion of each Rental Payment is paid as, and represents payment of, interest and the balance is paid as, and represents payment of, principal.

Section 5.04. *Rental Payments to be Unconditional.* The obligation of Lessee to make payment of the Rental Payments required under this Article V and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Agreement. Notwithstanding any dispute between Lessee and Lessor, any vendor or the manufacturer of the Equipment (the "Vendor") or any other person, or any defects, breakdowns or malfunctions in the Equipment, Lessee shall pay all Rental Payments when due and shall not withhold any Rental Payments or assert any right of set-off or counterclaim against its obligation to make any payments under this Agreement. Lessee's obligation to make Rental Payments shall not be abated through accident or unforeseen circumstances.

Section 5.05. *Continuation of Term by Lessee.* Lessee intends, subject to the provisions of Section 5.06, to pay all Rental Payments hereunder and reasonably believes that legally available funds in an amount sufficient to pay all Rental Payments during the Term will be available. Lessee further intends, and hereby covenants, to do all things lawfully within its power to obtain and maintain funds from which all Rental Payments and payments for all necessary insurance and maintenance on the Equipment may be made, including making provision in each budget submitted and adopted in accordance with law, to use its bona fide best efforts to have such portion of the budget approved, and to exhaust all available reviews and appeals in the event such portion of the budget is not approved.

Section 5.06. *Nonappropriation.* In the event that during any fiscal year of Lessee sufficient funds are not appropriated for the payment of all Rental Payments required to be paid during Lessee's next succeeding fiscal year, then Lessee may terminate this Agreement as of the end of its then current fiscal year and shall not be obligated to pay the Rental Payments beyond such fiscal year. Lessee agrees to give Lessor written notice of such termination at least sixty (60) days prior to the end of the

then current fiscal year. If this Agreement is terminated under this Section 5.06, Lessee agrees peaceably to deliver the Equipment to Lessor, at any location within fifty (50) miles of the City of Baltimore, Maryland designated by Lessor, at Lessee's sole cost and expense and in the condition required by Section 7.02 hereof, together with such documents and assurances as Lessor may reasonably request.

Section 5.07. *Nonsubstitution.* To the extent lawful, Lessee agrees that in the event that it terminates this Agreement pursuant to Section 5.06, it will not, during its next succeeding fiscal year, expend or commit any funds for the purchase, use or benefit of other equipment performing functions or having a purpose similar to the Equipment.

ARTICLE VI *TITLE TO EQUIPMENT: SECURITY INTEREST*

Section 6.01. *Title to the Equipment.* During the Term of this Agreement, title to the Equipment shall rest in Lessee subject to the rights of Lessor under this Agreement. Immediately upon the occurrence of an event of default by Lessee hereunder or the termination of this Agreement under Section 3.02(a) or (c), title to the Equipment shall revert to Lessor, free and clear of any right, title or interest of Lessee, without the necessity of any further action by the parties. In the event that title reverts to Lessor as described above, Lessee will surrender possession of the Equipment to Lessor in the manner and condition set forth in Section 5.06.

Section 6.02. *Security Interest.* To secure all obligations of Lessee hereunder, Lessee hereby grants to Lessor a security interest in and to all of Lessee's right, title and interest in and to the Equipment including substitutions and replacements thereof or thereto, and all proceeds (cash and non-cash), including the proceeds of insurance, thereof. Lessee agrees to provide such identification markings on the Equipment, in form satisfactory to Lessor, as Lessor deems necessary or appropriate to give notice of Lessor's security interest in the Equipment and, upon assignment, the interest of any assignee of Lessor in the Equipment. In the case of escrow funded transactions, as further security Lessee hereby grants to Lessor a first priority security interest in the cash and negotiable instruments from time to time comprising the Escrow Fund (as such term is defined in that certain Escrow Agreement by and among Lessor, Lessee and the financial institution acting as escrow agent dated as of the date hereof) and all proceeds (cash and non-cash) thereof. Lessee further agrees that with respect to the Equipment and, if applicable, the Escrow Fund, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State.

Section 6.03. *Personal Property.* The Equipment is, and shall at all times remain, personal property.

Section 6.04. *Liens.* Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Equipment or any interest therein, or, if applicable, the Escrow Fund.

ARTICLE VII *MAINTENANCE; TAXES; INSURANCE; MODIFICATIONS; LOCATION*

Section 7.01. *Use of the Equipment.* Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or regulations or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment.

Section 7.02. *Maintenance of Equipment by Lessee.* At a minimum, at all times the condition of equipment shall be such that it is eligible to be brought under a maintenance contract with Vendor. Lessee agrees that at all times during the Term, Lessee will, at its own cost and expense, preserve and keep the Equipment in good repair, working order and condition. Lessee will from time to time make or cause to be made all necessary and proper repairs and replacements. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Equipment. If requested by Lessor, Lessee will, at its sole cost and expense, enter into a maintenance contract for the Equipment with Vendor or other appropriate party during the Term hereof and provide a copy of such contract to Lessor.

Section 7.03. *Taxes, Other Governmental Charges and Utility Charges.* The parties to this Agreement contemplate that the Equipment will be used for a governmental purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. In the event that the use, possession or acquisition of the Equipment is found to be subject to taxation in any form (except for net income taxes of Lessor), Lessee will pay during the Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment, together with any interest or penalty thereon, as well as all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment. With respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are accrued during such time as this Agreement is in effect.

Section 7.04. *Insurance.* Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained with respect to the Equipment to protect Lessor from liability in all events. All insurance proceeds from casualty losses shall be payable as hereinafter provided. Lessee shall, at Lessor's request, furnish to Lessor certificates evidencing such coverage throughout the Term. With Lessor's prior consent, Lessee may self-insure the Equipment by means of an adequate insurance fund set aside and maintained for that purpose which must be fully described in a letter delivered to Lessor. Lessee shall carry worker's compensation insurance covering all employees working on, in, near, or about the Equipment, or demonstrate to the satisfaction of Lessor that adequate self-insurance is provided, and shall require any other person or entity working on, in, near or about the Equipment to carry such coverage throughout the Term. All insurance policies required pursuant hereto shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor, or its assignees, as their respective interests may appear, shall name Lessor and its assignees as additional insureds, and shall be in form and amount and with insurance companies reasonably satisfactory to Lessor. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that (a) it will give Lessor thirty (30) days' prior written notice of the effective date of any material alteration or cancellation of such policy; and (b) insurance as to the interest of any named additional insured or loss payee other than Lessee shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Lessee with respect to such policy or policies. The Net Proceeds (as defined in Section 8.01) of the insurance required in this Section 7.03 shall be applied as provided in Section 8.01 and 8.02 hereof.

In the event Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Equipment in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums therefore or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced by Lessor shall be payable on the next succeeding Rental Payment due date together with interest thereon from the date of advance by Lessor at the rate of 15% per annum.

Section 7.05. *Location of Equipment.* Lessee shall notify Lessor of the location at or within which the Equipment is being or is to be regularly located or stored promptly upon acceptance and shall thereafter inform Lessor of any change in that location.

Section 7.06. *Modifications.* Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee shall not make any alterations, modifications, or attachments to the Equipment which cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. Upon return of the Equipment, at Lessor's request, Lessee, at its sole cost and expense, will remove all alterations, additions and attachments and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear excepted.

ARTICLE VIII *DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS*

Section 8.01. *Damage, Destruction and Condemnation.* If prior to the termination of the Term (a) the Equipment or any portion thereof is destroyed (in whole or in part) or damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then, provided the Equipment is not deemed a total loss, Lessee and Lessor shall cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair or restoration of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee. In the event of total destruction of or damage to the Equipment, Lessor and Lessee shall cause the Net Proceeds to be paid to, Lessor for application against the Purchase Price applicable for the next succeeding Rental Payment due date, as set forth on the Schedule of Payments, plus a pro rata allocation of interest, at the rate utilized to establish the Rental Payments, from the due date of the immediately preceding Rental Payment until the date of the payment. For purposes of Section 7.04 and this Article VIII, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorney's fees) incurred in the collection of such claim or award.

Section 8.02. *Insufficiency of Net Proceeds.* If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration or the Purchase Price referred to in Section 8.01 hereof, Lessee shall, as applicable, either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds (Lessee agrees that, if by reason of such insufficiency of the Net Proceeds, Lessee shall incur expenses pursuant it shall not be entitled to any reimbursement therefore from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article V hereof); or (b) pay to Lessor the excess of the sum of the then applicable Purchase Price and pro rata allocation of interest over the Net Proceeds (which shall be retained by Lessor) and, upon such payment, the Term shall terminate and title to the Equipment shall be conveyed by Lessor to Lessee as provided in Article X of this Agreement.

ARTICLE IX *DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES USE OF THE EQUIPMENT*

Section 9.01. *Disclaimer of Warranties.* LESSOR, NOT BEING A SELLER OF THE EQUIPMENT (AS SUCH TERM IS USED IN THE UNIFORM COMMERCIAL CODE AS ENACTED IN THE STATE) NOR A SELLER'S AGENT, HEREBY EXPRESSLY DISCLAIMS, AND MAKES NO WARRANTY OR

REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR ANY OTHER WARRANTY WITH RESPECT THERETO AND, AS TO LESSOR, LESSEE PURCHASES THE EQUIPMENT AS IS. In no event shall Lessor be liable for any loss or damage, including incidental, indirect, special or consequential damage, in connection with or arising out of this Agreement or the existence, furnishing, functioning or Lessee's use of the Equipment.

Section 9.02. *Vendor's Warranties.* Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Term, so long as Lessee shall not be in default hereunder, for the purpose of asserting from time to time whatever claims and rights which Lessor may have against the Vendor, including warranty claims with respect to the Equipment, but for no other purpose whatsoever. Lessee's sole remedy for the breach of a warranty shall be against the Vendor of the Equipment, and not against Lessor, nor shall such matters have any effect whatsoever on this Agreement, including Lessee's obligation to make timely Rental Payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties from the Vendor of the Equipment.

ARTICLE X — *CONSUMMATION OF PURCHASE*

Section 10.01. *Consummation of Purchase.* At the request of Lessee, Lessor's interest in the Equipment will be transferred, conveyed and assigned permanently to Lessee and this Agreement shall terminate:

(a) at the end of the Term, upon payment in full of all Rental Payments due hereunder and all other sums required to be paid hereunder; or

(b) on any Rental Payment due date, upon payment by Purchaser of the then applicable Purchase Price as set forth in the Schedule of Payments and all other sums required to be paid hereunder.

Upon the occurrence of either of the above, Lessor shall deliver to Lessee a confirmatory Bill of Sale transferring permanently its full remaining right, title and interest to the Equipment to Lessee free and clear of all liens and encumbrances created by or arising through Lessor, with special warranty and warranty of further assurances but without other warranties.

ARTICLE XI — *ASSIGNMENT, SUBLEASING, INDEMNIFICATION MORTGAGING AND SELLING*

Section 11.01. *Assignment by Lessor.* This Agreement, Lessor's interest in the Equipment and right of Lessor to receive payments hereunder may be assigned and reassigned in whole or in part to one or more assignees by Lessor at at any time without the necessity of obtaining the consent of Lessee. However, no assignment or reassignment of any of Lessor's right, title or interest in this Agreement or the Equipment shall be effective unless and until Lessee shall have received a notice of assignment. Upon receipt of the notice described above, Lessee agrees to make all payments to the assignee designated in the assignment, and shall, if so requested, acknowledge the assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by Lessor or its assignee to protect their interests in the Equipment and in this Agreement.

Section 11.02. *Assignment and Subleasing by Lessee.* This Agreement and the interest of Lessee in the Equipment may not be sold, leased, pledged, assigned or otherwise encumbered by Lessee for any reason without the express prior written consent of Lessor.

Section 11.03. *Release and Indemnification Covenants.* Lessee shall, to the extent permitted by applicable law, indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liabilities, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest, arising out of or as the result of the Equipment, including the ownership of any item of the Equipment, the ordering, acquisition, manufacture, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury or death to any person, unless the loss shall have been caused by the acts or omissions of Lessor, its officers, employees or agents. The indemnification obligation arising hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Term for any reason.

ARTICLE XII — *EVENTS OF DEFAULT AND REMEDIES*

Section 12.01. *Events of Default Defined.* The following shall be "events of default" under this Agreement and the terms "event of default" and "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time and manner specified herein; or

(b) Failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder for a period of thirty (30) days after written notice to Lessee by Lessor specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of such time prior to its expiration; or

(c) Any certificate, statement, representation, warranty or audit contained herein or heretofore or hereafter furnished with respect hereto by or on behalf of Lessee proving to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Lessee; or

(d) Commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, moratorium or similar relief under any existing or future bankruptcy, insolvency or other similar laws.

Section 12.02. *Remedies on Default.* Whenever any event of default referred to in Section 12.01 hereof shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, declare an amount equal to the then applicable Purchase Price as set forth in the Schedule of Payments immediately due and payable;

(b) With or without terminating this Agreement, retake possession of the Equipment and sell, lease, or sublease it, or any item thereof, for the account of Lessee, holding Lessee liable for (i) all payments due up to the effective date of such selling, leasing, or subleasing; and (ii) the difference, if any, between the purchase price, rental and other amounts paid by the lessee or sublessee pursuant to such sale, lease or sublease all amounts payable by Lessee hereunder, including the then applicable Purchase Price; or

(c) Require Lessee to deliver the Equipment to Lessor at any location within fifty (50) miles of the City of Baltimore, Maryland designated by Lessor at Lessee's sole risk, cost and expense and in the condition required by Section 7.02 hereof; or

(d) Take whatever other action at law or in equity that may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement.

In addition, Lessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

Section 12.03. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XIII — *TAX INDEMNIFICATION*

Section 13.01. *Covenants.* The parties assume that Lessor can exclude the interest component of the Rental Payments from Federal gross income. Lessee covenants and agrees that it will (i) if the transaction is escrow funded, rebate an amount equal to excess earnings on the Escrow Fund to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the regulations applicable thereto; (ii) use a book entry system to register the owner of this Agreement so as to meet the applicable requirements of Section 149(a)(3) of the Code; (iii) timely file a Form 8038-G (or, if the invoice price of the Equipment is less than $100,000, a Form 8038-GC) with the Internal Revenue Service in accordance with Section 149(e) of the Code; (iv) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code; and (v) comply with all provisions and regulations applicable to excluding interest from Federal gross income pursuant to Section 103 of the Code.

Section 13.02. *Indemnification.* If Lessor either (i) receives notice, in any form, from the Internal Revenue Service; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor and approved by Lessee, which approval Lessee shall not unreasonably withhold; that Lessor may not exclude any interest paid hereunder from Federal gross income because Lessee breached a covenant contained herein, then Lessee shall pay to Lessor, within thirty (30) days after Lessor notifies Lessee of such determination, an amount which will restore to Lessor its after-tax yield on the transaction evidenced by this Agreement through the date of such payment. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay additional rent to Lessor on each succeeding Rental Payment due date in such amount as will maintain Lessor's after-tax yield on the transaction evidenced by this Agreement.

ARTICLE XIV — *MISCELLANEOUS*

Section 14.01. *Miscellaneous.* The following miscellaneous provisions are an integral part of this Agreement:

(a) *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at the addressees set forth on the signature page hereof;

(b) *Binding Effect.* This Agreement shall inure to the benefit of, and shall be binding upon, Lessor and Lessee and their respective successors and assigns;

(c) *Severability/Survival.* In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. The obligations of Lessee under Section 5.07, 7.03, 11.03 and 13.02 which accrue during the term shall survive termination of this Agreement;

(d) *Amendments, Changes and Modifications.* This Agreement may be amended only by written agreement of Lessor and Lessee;

(e) *Execution in Counterparts.* This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument;

(f) *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State;

(g) *Captions.* The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement;

(h) *Waiver.* No covenant or condition of this Agreement can be waived except by the written consent of Lessor. Any failure of Lessor to require strict performance by Lessee or any waiver by Lessor of any terms, covenants or agreements herein shall not be construed as a waiver of any other breach of the same or any other term, covenant or agreement herein;

(i) *Entire Agreement.* This Agreement, together with the documents attached hereto and other agreements referred to herein, constitutes the entire agreement between the parties;

(j) *Time.* Time is of the essence of this Agreement.

IN WITNESS WHEREOF, Lessor has executed this Agreement in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers, and Lessee has caused this Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

ATTEST:

By: _____

(SEAL)

By: Sandra A. Weinrich

(SEAL)

LESSOR: **Signet Leasing and Financial Corporation**
P.O. Box 2373
Baltimore, Maryland 21203
Attn: Laurie L. Zissimos, T0506

By: _____

LESSEE: Maryland Environmental Service

2020 Industrial Drive

Annapolis, MD 21401

By: Annette Grim 8-28-91

CERTIFICATE OF APPROPRIATION

I, Annette Grim of Maryland Environmental Service (Lessee) hereby certify that all rental payments due by Lessee under that certain Master Equipment Lease/Purchase Agreement between Lessee and Signet Leasing and Financial Corporation as Lessor, for the fiscal year ending June 30, 1992 are within such fiscal year's Budget for Lessee and within an available, unexhausted and unencumbered appropriation for Lessee.

IN WITNESS WHEREOF, I have set my hand this 30th day of August, 1991

LESSEE: Maryland Environmental Service

By: Annette Grim Title: Director of Admin & Finance

INCUMBENCY CERTIFICATE

I, Beth Schomburg, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of MES Board of Directors, a political subdivision or agency duly organized and existing under the laws of the State of Maryland, that I have custody of the records of such entity, and that as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity holding the offices set forth opposite their respective names. I further certify that (i) the signatures set opposite their respective names are their true and authentic signatures and (ii) such officers have the authority on behalf of such entity to enter into that certain Master Equipment Lease/Purchase Agreement between such entity and Signet Leasing and Financial Corporation.

NAME	TITLE	SIGNATURE
Annette Grim	Dir, Admin & Finance	Annette Grim

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such entity hereto this 30th day of August, 1991

Beth Schomburg
Secretary/Clerk

SEAL