MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO 93-05-1R

A RESOLUTION AUTHORIZING

the issuance, sale and delivery by the Maryland Environmental Service (the "Service") of its revenue bonds (the "Bonds") in an aggregate principal amount not to exceed $ 6,800,000 00 for the purpose of paying all or a part of the cost of a project of the Service consisting generally of the acquisition, design, construction and operation of a sanitary landfill and appurtenances located in Garrett County, Maryland, Landfill (the "Project"), approving the execution and delivery of a Ground Lease Agreement (the "Ground Lease"), and a Waste Disposal Service Agreement (the "Waste Disposal Service Agreement") between the Service and the Board of County Commissioners of Garrett County, Maryland (the "County"), approving the execution and delivery of an Indenture of Trust between the Service and Signet Trust Company, as trustee, relating to the Bonds, providing for the Bonds to be obligations of the Service payable from amounts received pursuant to the Waste Disposal Service Agreement and such other revenues as may be received by the Service in connection with the operation of the Project, approving the private (negotiated) sale of the Bonds to the firm of Alex Brown & Sons, Inc , of Baltimore, Maryland, and authorizing the Director to execute and deliver the Bond Purchase Agreement to such Firm, approving the preliminary official statement with respect to the Bonds and authorizing the preparation of the final official statement, and providing generally for other matters necessary to the issuance, sale and delivery of the Bonds

RECITALS

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 through 3-129 of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume, 1992 Cumulative 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, providing for or relating to the furnishing of services to the facilities of any project of the Service

The Service has developed the Project (as defined below) in cooperation with the County as a means of providing solid waste disposal services to the County The Project consists (by way of general description and not limitation) of a sanitary landfill, a leachate collection system, and a rubble landfill on approximately 188 acres in Garrett County, Maryland The Project is designed to accept all waste materials normally found in municipally collected residential refuse and most types of commercial and light industrial solid waste Hazardous wastes will not be accepted at the Project

The Service has determined to issue its Bonds in order to finance a portion of the cost of the Project The Bonds will be issued pursuant to an Indenture of Trust (the "Indenture") between the Service and the Trustee (as set forth herein) and will be payable from the revenues received under the Waste Disposal Service Agreement and from the operation of the Project Pursuant to the request by the County, the Service intends to negotiate the sale of the Bonds to the firm of Alex Brown & Sons Inc

The County will lease a portion of the Landfill property to the Service for implementation of the Project The Ground Lease will have a term as long as the Bonds The Service will construct and implement the Project Pursuant to the Waste Disposal Service Agreement the County will pay a Service Fee (the "Service Fee") to the Service in consideration of the County's disposal of solid waste at the Project The Service Fee payments will be in the amounts necessary to pay the principal of and interest on the Bonds when due The Waste Disposal Service Agreement will also have a term as long as the Bonds

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 THE 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 Bonds in a principal amount not to exceed $ 6,800,000 00, to be designated Maryland Environmental Service Revenue Bonds (Garrett County Landfill Project), Series 1993 shall be, and hereby are, authorized and directed pursuant to the provisions of the Act to provide funds for the payment of all or any part of the cost of the Project, as provided in the Act and the Indenture

3 The Bonds shall be sold to the firm of Alex Brown & Sons, Inc on the terms and conditions set forth in the form of the Bond Purchase Agreement presented to this meeting Such form of the Bond Purchase Agreement shall be, and hereby is directed to be, filed among the permanent records of the Service The Bond Purchase Agreement shall be executed by the Director substantially in the form of the Bond Purchase Agreement 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

The total principal amount of the Bonds shall not exceed $6,800,000 The annual interest rate of any maturity of the bonds shall not exceed 6 5 percent, and the interest rates for the Bonds may not exceed 6 5 percent The Bond Purchase Agreement shall provide for level debt service on the Bonds and semi-annual payment of interest The discount of Alex Brown & Sons, Inc set forth in the Bond Purchase Agreement shall not exceed 1 25 percent of the aggregate principal amount of the Bonds The Director shall, subject to the limitations set forth in this paragraph, fix the principal amount of the Bonds, the interest rate or rates for the Bonds, and the principal payment schedule for the Bonds, and the Director shall include such items in the Bond purchase Agreement

4 The Bonds shall be issued under, secured in accordance with, and have the terms set forth in the Indenture substantially in the form of the Indenture presented to this meeting Such form of Indenture shall be, and hereby is directed to be, filed among the permanent records of the Service The Bonds shall be, and hereby are directed to be, executed and delivered to the Trustee appointed hereby by the Director substantially in the form of the form of the Bond 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 Bonds, the Trustee shall authenticate such Bonds and deliver the same to the purchaser thereof

5 The Indenture (including, without limitation, the form of the Bond appended thereto as Appendix B) 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 Indenture 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

6 Prior to the delivery of the Bonds, the Service shall enter into the Ground Lease and Waste Disposal Service Agreement with the County, substantially in the form of the Ground Lease and Waste Disposal Service Agreement presented to this meeting Such forms of the Ground Lease and Waste Disposal Service Agreements are hereby adopted an approved and shall be, and hereby are directed to be, filed among the permanent records of the Service The Director shall be, and hereby is, authorized to execute and deliver the Ground Lease and the Waste Disposal Service Agreement with the County substantially in the forms of such documents 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

7 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

8 It is hereby authorized that the total purchase price for the Bonds shall be paid to the Director, as agent of the Service for the purpose of receiving the purchase price and delivering the Bonds to the firm of Alex Brown & Sons, Inc Immediately upon receipt thereof, the purchase price shall be deposited with the Trustee in the proper accounts as provided in the Indenture

9 The Director and other officers of the Service shall be, and hereby are authorized to take such other steps and to execute and deliver such other documents and certificates as the Director shall deem desirable to effect the completion of the issuance, sale, and delivery of the Bonds and the other matters contemplated by this Resolution and the Indenture

10 Signet Trust Company is hereby appointed Trustee for the Bonds under the Indenture

11 The execution by the 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 27th DAY OF MAY, 1993

MARYLAND ENVIRONMENTAL SERVICE

SEAL

George G Perdikakis
Director

Annette Anselmi
Deputy Director

R Kenneth Barnes
Secretary

Edward A Griffith
Treasurer

Robert W Pierce
Member

Edwin G Richards
Member

Lawrence D Shubnell
Member

Attest

R Kenneth Barnes, Secretary

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MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(GARRETT COUNTY LANDFILL PROJECT)
SERIES 1993

PURCHASE CONTRACT

June __ 1993

Maryland Environmental Service
2011 Commerce Park Drive
Annapolis Maryland 21401

Ladies and Gentlemen

The undersigned Alex Brown & Sons Incorporated (the "Underwriter"), hereby offers to enter into this Purchase Contract with Maryland Environmental Service (the "Issuer") for the purchase by the Underwriter and sale by the Issuer of its Maryland Environmental Service Revenue Bonds (Garrett County Landfill Project) Series 1993 specified below This offer is made subject to acceptance by the Issuer prior to 5 00 p m Baltimore Maryland time on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriter If this offer is not so accepted it is subject to withdrawal by the Underwriter upon written notice delivered to the Issuer at any time prior to such acceptance

1 Purchase of Bonds, Description Upon the terms and conditions and upon the basis of the representations herein set forth the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter all (but not less than all) of the Issuer s Revenue Bonds (Garrett County Landfill Project) Series 1993 (the "Bonds") at a purchase price in the aggregate amount of $_____, being equal to the aggregate principal amount of the Bonds ($_____) less a discount in the amount of $_____ plus accrued interest on the Bonds from June 1 1993 to Closing (hereinafter defined) The Bonds shall be issued in the aggregate principal amount of $_____ shall be initially dated as of June 1 1993 and shall mature subject

to prior redemption on such dates and in such amounts as are set forth on Exhibit A attached hereto The Bonds shall have such other terms and provisions as are described in the Official Statement hereinafter mentioned

The Bonds will be issued under and pursuant to (i) Sections 3-101 through 3 129, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume and 1992 Cumulative Supplement) (ii) an Indenture of Trust dated as of June 1, 1993 (the "Indenture") between the Issuer and Signet Trust Company, as trustee (the "Trustee"), and (iii) a resolution adopted by the Board of Directors of the Issuer on May 27, 1993 (the "Resolution")

The proceeds of the Bonds will be used by the Issuer (i) to finance a portion of the cost of designing, acquiring, constructing, and equipping a sanitary landfill consisting of the first of four cells of a municipal solid waste landfill, a leachate collection and treatment facility a rubble landfill a material recovery facility and certain site improvements located in Garrett County (the "County) and the closure of an existing landfill in the County, and (ii) to pay a portion of the costs of issuing the Bonds

The payment of the principal of and interest on the Bonds shall be a special obligation of the Issuer payable solely from the Revenues (as defined in the Indenture) pledged by the Issuer under the Indenture consisting of (i) the proceeds of the Bonds to the extent provided in the Indenture and (ii) all payments to the Issuer or the Trustee pursuant to the Waste Disposal Service Agreement dated as of June 1, 1993 (the "Service Agreement") between the Issuer and the County including the Service Fee (as defined in the Service Agreement)

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices or yields set forth on the cover page of the Official Statement The Underwriter reserves the right to change such prices or yields as it may deem necessary or desirable in connection with the offering and sale of the Bonds and the sale of the Bonds to dealers (including dealer banks and dealers depositing Bonds into investment trusts) and others at prices different from the public offering prices The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced at any time

2 Official Statement The Issuer shall deliver or cause to be delivered to the Underwriter in accordance with

the provisions of Section 3(d) hereof copies of its Official Statement relating to the Bonds (such Official Statement including the cover page and all appendices reports and statements included therein or attached thereto being herein referred to as the "Official Statement") which Official Statement shall be substantially in the form of the Preliminary Official Statement dated June ___ 1993 with respect to the Bonds (the "Preliminary Official Statement"), with only such changes therein as shall have been accepted by the Underwriter The Issuer authorizes the use of copies of the Preliminary Official Statement, the Official Statement and the Resolution in connection with the public offering and sale of the Bonds

3 Certain Representations of the Issuer The Issuer represents and warrants to and covenants with the Underwriter both at the time of its acceptance hereof and on the date of Closing as follows

(a) The Issuer is a body politic and corporate and public instrumentality organized and existing under the laws of the State of Maryland

(b) The Issuer has all necessary power and authority to adopt the Resolution to issue the Bonds, to apply the proceeds from the sale thereof as described in the Official Statement to perform and observe the covenants and agreements on its part contained in this Purchase Contract and the Resolution and any other agreement or instrument to which the Issuer is a party executed and delivered by the Issuer in connection with the transactions contemplated hereby and by the Official Statement and to carry out and consummate all transactions contemplated hereby and by the Official Statement

(c) The Resolution has been duly passed by the Issuer and is in full force and effect and the Issuer has authorized all necessary action for (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement (ii) the use of the proceeds of the Bonds as set forth in the Official Statement (iii) the execution and delivery of this Purchase Contract and the Bonds and each other agreement or instrument to which the Issuer is a party executed and delivered by the Issuer in connection with the issuance sale and delivery of the Bonds as contemplated hereby and by the Official Statement, and (iv) the taking of any and all such action as may be required by the Issuer to carry out give effect to and consummate the transactions to which the Issuer is a party contemplated hereby and by the Official Statement

(d) The Issuer will provide or cause to be provided to the Underwriter within seven business days after the date hereof (and at such other time or times as the Underwriter shall request for purposes of complying with the requirements hereinafter referred to) copies of the Official Statement in such quantities as shall reasonably be requested by the Underwriter to allow the Underwriter to comply with the requirements of paragraphs (b)(3) and (b)(4) of Rule 15c2 12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2 12"), and the applicable rules of the Municipal Securities Rulemaking Board and if on or prior to the "end of the underwriting period," as such expression is used in Rule 15c2-12, an event occurs affecting the Issuer that is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement the Issuer will notify the Underwriter thereof and, if in the opinion of the Issuer or the Underwriter such event or the event or events described in any such notice requires a supplement or amendment to the Official Statement the Issuer at its expense will supplement or amend the Official Statement in a manner approved by the Issuer and the Underwriter (such approvals not to be unreasonably delayed or withheld) and will thereafter until the end of the underwriting period provide the Underwriter with copies of the Official Statement as so amended or supplemented in sufficient quantities to allow the Underwriter to comply with the requirements referred to in this paragraph Unless the Issuer is otherwise advised in writing by the Underwriter at or prior to the Closing (hereinafter defined) the end of the underwriting period shall be deemed to occur at the Closing

(e) Prior to the date hereof the Issuer delivered to the Underwriter the Preliminary Official Statement that the Issuer deems final (for purposes of Rule 15c2 12) as of the date of the Preliminary Official Statement except for the omission of no more than the following information the offering prices, interest rates underwriting discount aggregate principal amount of each maturity and other terms of the Bonds depending on such matters

(f) When delivered to and paid for by the Underwriter as provided in this Purchase Contract the Bonds will have been duly authorized executed authenticated issued and delivered and will constitute a valid and binding special obligation of the Issuer payable solely from the Revenues pledged by the Issuer under the Indenture in conformity with and entitled to the benefit and security of, the Resolution

(g) The Issuer will cooperate with the Underwriter in taking all necessary action to qualify the Bonds

for offer and sale under the securities or "blue sky" laws of such jurisdictions as the Underwriter may reasonably request provided however, that the Issuer will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification

(h) There is no action, suit proceeding, inquiry or investigation, at law or in equity before or by any court public board or body, pending or to the knowledge of the Issuer, threatened against the Issuer wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby and by the Official Statement, or which, in any way would adversely affect the validity or enforceability of this Purchase Contract the Bonds the Resolution or any other agreement or instrument to which the Issuer is a party, executed and delivered by the Issuer in connection with the transactions contemplated hereby and by the Official Statement

(i) Any certificate signed by any authorized official of the Issuer and delivered to the Underwriter shall be deemed to be a representation by the Issuer to the Underwriter as to the statements made therein

(j) The Issuer has not been notified of any listing or proposed listing of the Issuer by the Internal Revenue Service as an issuer whose arbitrage certifications may not be relied upon

(k) The Issuer hereby represents and warrants that the Issuer is not now in default and neither the Issuer nor any of its predecessors has at any time been in default as to the payment of principal of or interest on any special obligation issued or guaranteed by the Issuer or any of its predecessors offered for sale to the public and to the best of its knowledge it is not now in default and neither the Issuer nor any of its predecessors has at any time been in default as to the payment of principal of or interest on any revenue obligation offered for sale solely to investors other than the general public

(l) The execution and delivery of this Purchase Contract and any other agreement or instrument to which the Issuer is a party, executed and delivered by the Issuer in connection with the transactions contemplated hereby or by the Official Statement the compliance with the terms and conditions hereof and thereof and the consummation of the transactions herein therein and in the Official Statement contemplated do not and will not (i) violate any law or any

regulation, order injunction or decree of any court, governmental body, agency or other public instrumentality binding on the Issuer or (ii) result in a material breach of any of the terms and conditions of or constitute a material default under or result in the creation or imposition of any mortgage lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer pursuant to the terms of any indenture, mortgage agreement or other instrument to which the Issuer is a party or by which the Issuer or any of its properties is bound No approval of, notice to, or other action by any governmental authority or agency is required in connection with the execution or performance of any of such documents by the Issuer other than any such approval notice or action (i) which has been obtained, given or taken (ii) which is required under the "blue sky" or securities laws of any state in connection with the distribution of the Bonds by the Underwriter or (iii) which is required to be obtained given or taken in the normal course of the Issuer's operations after the date hereof or the date of Closing (as the case may be) in connection with the performance of such documents by the Issuer

(m) The Issuer will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Official Statement and the Resolution, except as the Resolution may be amended from time to time to authorize proceeds from the sale of the Bonds to be applied to for another public purpose or purposes

4 Closing At 10 00 a m on June __ 1993, or at such other time or on such earlier or later date upon which the Underwriter and the Issuer mutually shall agree (herein called the "Closing") the Issuer will deliver or cause to be delivered to the Underwriter at the offices of The Depository Trust Company in New York New York, or at such other place upon which the Underwriter and the Issuer mutually agree the Bonds in definitive form (all the Bonds to be printed with CUSIP numbers), duly executed and authenticated At the time of such delivery the Bonds shall be registered in such names and in such denominations as the Underwriter shall have requested in writing not less than seven (7) business days before the Closing The remaining aggregate principal amount of the Bonds of each maturity for which no instructions have been received by such date will be issued as one bond of such maturity in the denomination of such remaining aggregate principal amount or as bonds in such denominations as shall be mutually agreed upon by the Underwriter and the Issuer and registered in the name of the Underwriter At the time of the Closing there will be delivered to the Underwriter at the

offices of Piper & Marbury Baltimore Maryland ("Bond Counsel") in Baltimore Maryland or at such other place upon which the Underwriter and the Issuer mutually agree the other documents hereinafter mentioned At the Closing, the Underwriter will accept delivery of the Bonds and pay the purchase price thereof in Clearing House funds The Bonds will be made available to the Underwriter for checking and packaging at least one (1) business day before the Closing

At or before the Closing the Underwriter shall furnish to the Issuer a certificate acceptable to Bond Counsel stating (i) the reoffering prices expressed as a percentage of par to the public of each maturity of the Bonds (the "Reoffering Prices") (ii) that the Underwriter has made a bona fide public offering of the Bonds at the Reoffering Prices and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices Bond Counsel advises that (i) such certificate must be made on the best knowledge information and belief of the Underwriter, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at (or below) the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds

5 <u>Conditions to Obligations of the Underwriter</u> The Underwriter has entered into this Purchase Contract in reliance upon the representations and agreements of the Issuer herein The obligation of the Underwriter to purchase the Bonds is subject to (i) the performance by the Issuer of its obligations to be performed hereunder both on the date hereof and at and prior to the date of Closing, and (ii) the accuracy of the representations of the Issuer herein, as of the date hereof and as of the date of Closing In the Underwriter s discretion such obligation is also subject to the following further conditions

(a) At the time of Closing (i) the Official Statement and the Resolution shall be in full force and effect and shall not have been amended modified or supplemented except as may have been agreed to in writing by the Underwriter (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement (iii) the Issuer shall have duly passed and there shall be in full force and effect the Resolution and such further resolutions orders and other proceedings as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated

hereby, and (iv) the Official Statement and the Resolution shall be in the forms approved by such further resolutions orders and other proceedings or provided to the Underwriter on the date of this Purchase Contract with only such changes as are required to conform such documents to the descriptions thereof in the Official Statement and such other changes approved by the Underwriter

(b) At or prior to the Closing the Underwriter shall receive (i) a certified copy of the Resolution and any other proceedings of the Issuer pertaining to the authorization of the issuance of the Bonds, and (ii) a signed copy of the Official Statement

(c) At the Closing the Underwriter shall receive each of the following

(i) the approving opinion of Bond Counsel addressed to the Issuer and dated the date of Closing, substantially in the form set forth in Appendix D to the Official Statement, accompanied by a letter from Bond Counsel dated the date of Closing and addressed to the Underwriter, to the effect that the approving opinion of Bond Counsel may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter

(ii) a certificate of the Issuer, dated the date of Closing executed by the Director or Deputy Director of the Issuer or other officer of the Issuer satisfactory to the Underwriter to the effect that the Issuer has duly performed all of its obligations and has satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing and each of the representations of the Issuer herein is true and correct in all material respects as of the date of the Closing,

(iii) a certificate of the Director and Deputy Director of the Issuer or other officers of the Issuer acceptable to the Underwriter to the effect that to the best of their knowledge and belief the Official Statement (and any amendment or supplement thereto) (except for information concerning the reoffering of the Bonds by the Underwriter as to which no view will be expressed) as of the date hereof and as of the Closing does not contain any untrue

statement of a material fact and does not omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading,

(iv) written confirmation satisfactory to the Underwriter of ratings on the Bonds from Moody's Investors Service Inc of Aaa

(v) executed copies of the Issuer s certifications as to arbitrage and other matters relative to the tax exempt status of the Bonds under Section 148 of the Internal Revenue Code of 1986, as amended

(vi) an opinion of W Dwight Stover, Esquire County Attorney, Oakland, Maryland, counsel to the County, that the Ground Lease dated as of June 1 1993 (the "Ground Lease") between the County, as lessor and the Issuer as lessee was duly authorized executed and delivered by the County, that the County has the authority to perform its obligations thereunder, and that the Ground Lease constitutes the legal, valid and binding obligation of the County in accordance with its terms

(vii) an opinion of Bond Counsel (who may rely upon the opinion of W Dwight Stover Esquire described in paragraph (vi) above) to the effect that the Service Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes valid and binding obligations of such parties in accordance with its terms and

(viii) such additional legal opinions, certificates and documents as the Underwriter may reasonably request in form and substance satisfactory to the Underwriter and Bond Counsel

6 <u>Amendments or Supplements to Official Statement</u> The Issuer agrees that no amendment or supplement to the Official Statement shall be made without the prior written consent of the Underwriter For purposes of this paragraph the Issuer agrees to supply such information as the Underwriter may from time to time reasonably request

7 Cancellation of Purchase Contract The Underwriter shall have the right to cancel this Purchase Contract by notification to the Issuer if, at any time subsequent to the date of this Purchase Contract and at or prior to the date of Closing

(a) the market for the Bonds or the market generally for obligations of the general character of the Bonds or the ability of the Underwriter to sell the Bonds at the contemplated offering price shall, in the reasonable opinion of the Underwriter, have been materially adversely affected by (i) an amendment to or proposal to amend the Constitution of the State of Maryland or any federal or Maryland legislation or proposed legislation or any decision of any federal or state court or any ruling or regulation (final temporary or proposed) or official statement on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other federal authority or authority of the State of Maryland or any other action or event affecting, directly or indirectly, the federal or Maryland tax status of the Issuer or bonds of the Issuer (including the Bonds) or the interest thereon, or the federal or Maryland tax consequences of any of the transactions contemplated hereby and by the Official Statement or (ii) an engagement in hostilities by the United States or other national or international emergency or calamity, or (iii) a general suspension of or material limitation on trading on the New York Stock Exchange or other national securities exchange the establishment of minimum or maximum prices on such exchange or the declaration of a general banking moratorium by the authorities of the United States, the State of Maryland or the State of New York or (iv) the establishment of any new restrictions on transactions in securities materially affecting the free market for securities or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange or other national securities exchange the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States or by Executive Order of the President of the United States or (v) the withholding of registration exemption or

clearance of the offering of the Bonds by the "blue sky" or securities commission or commissioner of any state or

(b) any federal or state court decision or ruling or regulation (final temporary or proposed) of the Securities and Exchange Commission or other governmental agency shall have been made or issued to the effect that the Bonds or any securities of a type similar to the Bonds of the Issuer or any similar body or any instrument pertaining thereto are subject to the registration requirements of the Securities Act of 1933, as amended or

(c) there shall exist any event or condition that, in the reasonable opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (ii) is not reflected in the Official Statement that should be reflected therein in order to make the statements and information contained therein not misleading in any material respect or

(d) there shall have been any materially adverse change in the financial affairs of the Issuer except as contemplated in the Official Statement or

(e) a supplement or amendment shall have been made to the Official Statement subsequent to the date hereof whether or not consented to by the Underwriter that in the reasonable judgment of the Underwriter materially and adversely affects the market price or the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds

If the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter hereunder shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter and upon such cancellation neither the Underwriter nor the Issuer shall be under any further obligation hereunder except as provided in paragraph 8 hereof

8 Expenses (a) The Issuer shall pay all costs and expenses incident to the performance of the Issuer s obligations under this Purchase Contract including (without limitation) (i) the cost of preparing (including printing and distributing) the Preliminary Official Statement and the Official Statement (in such reasonable quantities as the Underwriter shall request), (ii) the cost of preparing, printing and delivering the Bonds (iii) any fees charged by rating agencies for rating the Bonds, and (iv) the fees and disbursements of Bond Counsel, and any other expert or consultant retained by the Issuer

(b) The Underwriter shall pay (i) all advertising expenses in connection with its public offering and distribution of the Bonds (ii) the CUSIP Service Bureau charge (iii) the cost of preparing (including printing and distributing) this Purchase Contract Blue Sky Memoranda and legal investment surveys, and (iv) all out of pocket expenses of the Underwriter related to the purchase and sale of the Bonds including the fees and disbursements of counsel to the Underwriter

Simultaneously with the execution and delivery of this Purchase Contract by the parties hereto, as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds in accordance with the provisions of this Purchase Contract the Underwriter shall deliver to the Issuer a certified check upon or a cashier's or treasurer s or other official check of a responsible banking institution payable to the Issuer s order in Clearing House funds in an amount equal to $_____ (the "Good Faith Deposit") Prior to Closing, the Issuer shall not deposit the Good Faith Deposit in any fund or account In the event the Issuer does not accept this Purchase Contract, the Issuer shall immediately return the Good Faith Deposit to the Underwriter If the offer made hereby is accepted the Issuer agrees to hold the Good Faith Deposit until Closing as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds at the Closing In the event of a failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained herein or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract the full amount of such Good Faith Deposit shall be returned immediately to the Underwriter In the event the Underwriter fails (other than for a reason permitted under this Purchase Contract) to accept and pay for the Bonds at

the Closing, such Good Faith Deposit shall be retained by the Issuer as and for full liquidated damages for such failure and for any defaults on the part of the Underwriter and such retention shall constitute a full release and discharge of all claims by the Issuer against the Underwriter arising out of the transactions contemplated hereby In the event that the Underwriter does not fail to meet its obligations to accept and pay for the Bonds at the Closing (other than for a reason permitted under this Purchase Contract), such Good Faith Deposit shall be returned to the Underwriter at the Closing

9 Immunity of Officers of Issuer No recourse shall be had for the payment of any amount due hereunder or for any claim based thereon or otherwise in respect thereof or of this Purchase Contract or any document or instrument executed or delivered by the Issuer in connection therewith against any officer employee, attorney or agent of the Issuer, whether past present or future whether by virtue of any constitution statute or rule of law all such liability (if any) being hereby expressly waived and released by the Underwriter

10 Miscellaneous

(a) Any notice or other communication to be given under this Purchase Contract may be given by delivering the same in writing to (i) the address set forth above in the case of any notice to the Issuer and (ii) in the case of any notice to the Underwriter to Alex Brown & Sons Incorporated 135 East Baltimore Street Baltimore Maryland 21202 Attention A Samuel Ketterman Vice President

(b) This Purchase Contract is solely for the benefit of the Issuer the Underwriter and their respective successors, and no other person shall acquire or have any right under or by virtue of this Purchase Contract The term "successors" as used in this Purchase Contract shall not include any purchaser of the Bonds as such purchaser from the Underwriter

(c) All the representations and agreements of the Issuer in this Purchase Contract shall remain operative and in full force and effect and shall survive delivery of and payment for the Bonds hereunder regardless of any investigation made by or on behalf of the Underwriter The agreements in Section 8 hereof shall survive any termination of this Purchase Contract

(d) The term "business day" as used in this Purchase Contract shall mean any day on which the New York Stock Exchange is open for business

(e) This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Maryland

(f) This Purchase Contract may not be assigned by the Issuer or the Underwriter without the prior written consent of the other party hereto

(g) Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provision of this Purchase Contract

(h) This Purchase Contract may be executed in any number of counterparts each of which shall be deemed an original but all of which together shall constitute one and the same agreement

(i) The Underwriter represents in connection with the issuance of the Bonds that it has not acted as financial advisor either to the County or the Service and is in compliance with the provisions of Rule G 23 of the Municipal Securities Rulemaking Board

If the foregoing is acceptable to you please sign below and this Purchase Contract will become a binding agreement between us

Very truly yours

ALEX BROWN & SONS INCORPORATED

By _____

Accepted and confirmed as of the
date first above written

MARYLAND ENVIRONMENTAL SERVICE

By _____
George G Perdikakis
Director

EXHIBIT A to the
Purchase Contract

$
MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(GARRETT COUNTY LANDFILL PROJECT)
SERIES 1993

Maturing	Principal Amount	Interest Rate

316 Z05361A 02/23/93
15067 4

Filed and recorded May 25, 1993

RESOLUTION

FOR the purpose of approving the construction and operation of a sanitary landfill to be located in Garrett County Maryland (the "Landfill") making certain findings concerning the Landfill providing for the execution of and approving the form of a Waste Disposal Service Agreement (the "Waste Disposal Service Agreement") between County Commissioners of Garrett County (the "County") and Maryland Environmental Service (the "Service") having a term at least as long as the term of any revenue obligations issued by the Service to finance the Landfill pursuant to which agreement the County shall among other things agree to deliver solid waste generated within the boundaries of the County to the Landfill or other site designated by the Service and pay the cost associated with disposal of such amounts in accordance with the terms of such Waste Disposal Service Agreement whether or not such amounts are delivered authorizing the leasing of the site of the Landfill by the County to the Service for a term at least as long as the term of the Waste Disposal Service Agreement providing for the execution and approving the form of a Site Lease between the County and the Service and

generally providing for and determining various matters in connection with the approval by the County of the Landfill and the execution and delivery of such Waste Disposal Service Agreement and Site Lease

RECITALS

Maryland Environmental Service (the "Service") was created by and exists under the Maryland Environmental Service Act being codified as Sections 3 101 through 3 129 inclusive of the Natural Resources Article of the Annotated Code of Maryland as amended (the "Act") in order to assist with the preservation improvement and management of the quality of air land and water resources and to promote the health and welfare of the citizens of the State of Maryland

County Commissioners of Garrett County (the "County") desires to establish a system of solid waste disposal that provides a long term solution to the County s solid waste disposal needs and has determined that it is in the public interest to construct the Landfill and upon the opening and commencement of operation thereof to close the existing sanitary landfill located in Garrett County Maryland known as the Round Glade Landfill (the "Round Glade Landfill")

The Service is empowered to assist the County in providing the Landfill closing the Round Glade Landfill and

conducting post closure monitoring thereof and providing solid waste disposal services The Service has agreed to proceed with the planning design permit acquisition financing construction and operation of the Landfill The County has determined that it is in the public interest to make binding long term commitments to the Service for the disposal of solid aste generated within its boundaries

The County is authorized by the Act to enter into contracts with the Service for the purpose of defraying the Service s costs of acquiring or providing solid waste disposal projects which costs may include debt service requirements of the Service relating to the project The Act further provides that the County may approve such contracts by resolution

Accordingly the County desires to enter into a Waste Disposal Service Agreement between the Service and the County (the "Waste Disposal Service Agreement") which (by way of general description and not limitation) provides for the disposal by the Service of solid waste generated within the boundaries of the County and for payment by the County of the disposal costs therefor whether or not such solid waste is delivered

The County also desires to enter into a Site Lease between the Service and the County (the "Site Lease") which (by way of general description and not limitation) provides for the

leasing of the Landfill site by the County to the Service for a term of at least as long as the term of the Waste Disposal Service Agreement

The Service intends to issue bonds notes or other obligations to finance the acquisition design construction and equipping of the Landfill The sale of such bonds notes or other obligations would be facilitated by the prior approval by the County of the Waste Disposal Service Agreement and the Site Lease The Service intends to develop the financing documents necessary for the sale of such bonds notes or other obligations which may include (without limitation) an indenture of trust and an official statement with respect to the financing (collectively the "Financing Documents")

NOW THEREFORE BE IT RESOLVED BY COUNTY COMMISSIONERS OF GARRETT COUNTY that

Section 1 The design construction equipping ownership and operation of the Landfill and the disposal of solid waste generated within the boundaries of the County in the manner and upon the terms and conditions described in the Waste Disposal Service Agreement is in the best interests of the County The failure so to provide for the Landfill and the disposal of such solid waste can create serious economic environmental and public health problems

It is in the public interest of the County that the Service proceed with the design construction and equipping of the Landfill and the negotiation and preparation of the Financing Documents and take all actions which the Service in its discretion deems to be necessary or appropriate for the issuance and sale of its bonds notes or other obligations to finance the Landfill for the execution and delivery of the Waste Disposal Service Agreement the Site Lease and the Financing Documents by the parties thereto and for the design construction and equipping of the Landfill

Section 2 The terms provisions form content and substance of the Waste Disposal Service Agreement are hereby approved and adopted A copy of the Waste Disposal Service Agreement has been presented to the County and shall be placed in the official records of the County and be made available for public inspection The President and other Commissioners of the Board of County Commissioners of the County (each the "Authorized Official") is hereby authorized and directed on behalf of the County to execute and deliver and to cause to be accepted and executed by the other party or parties thereto the Waste Disposal Service Agreement The Waste Disposal Service Agreement to be so executed and delivered shall be substantially in the form hereby approved with (i) such changes in form or such changes in content which do not materially adversely affect the interests of the County thereunder as may be approved by the

County the execution thereof by the Authorized Official to constitute conclusive evidence of approval by the Authorized Official of any and all changes or revisions therein from the form of Waste Disposal Service Agreement hereby approved or (ii) such other changes as may be approved by resolution or resolutions of the County Commissioners of Garrett County

Section 3 The terms provisions form content and substance of the Site Lease are hereby approved and adopted A copy of the Site Lease has been presented to the County and shall be placed in the official records of the County and be made available for public inspection The Authorized Official is hereby authorized and directed on behalf of the County to execute and deliver and to cause to be accepted and executed by the other party or parties thereto the Site Lease The Site Lease to be so executed and delivered shall be substantially in the form hereby approved with (i) such changes in form or such changes in content which do not materially adversely affect the interests of the County thereunder as may be approved by the County the execution thereof by the Authorized Official to constitute conclusive evidence of approval by the Authorized Official of any and all changes or revisions therein from the form of Site Lease hereby approved or (ii) such other changes as may be approved by resolution or resolutions of the County Commissioners of Garrett County

Section 4 The Authorized Official is hereby authorized and directed to take all actions necessary or appropriate to execute and deliver and to cause to be executed and accepted by the other party or parties thereto the Waste Disposal Service Agreement the Site Lease and the Financing Documents such actions to include (without limitation) the execution and delivery of all certificates consents assignments or other documents or instruments necessary or appropriate to consummate for and on behalf of the County the transactions approved by this Resolution It is recognized that the Service will issue its limited obligation bonds designated "Revenue Bonds (Garrett County Landfill Project) Series 1993" in aggregate principal amount not to exceed Six Million Eight Hundred Thousand Dollars ($6 800 000) (the "1993 Bonds") in order to finance in part the initial construction and acquisition of the Landfill It also is recognized that the Landfill is intended to be developed in stages as additional space is needed for the disposal of solid waste and that the Service will from time to time issue its bonds notes or other obligations in addition to the 1993 Bonds in order to finance the costs of the Landfill as it is so developed It is further recognized that the County is obligated under the Waste Disposal Service Agreement to pay a Service Fee (as defined in the Waste Disposal Service Agreement) to cover the Total Costs (as defined in the Waste Disposal Service Agreement) of the Service in connection with the

performance of its obligations under the Waste Disposal Service Agreement which Total Costs include (without limitation) costs of providing waste disposal services under the Waste Disposal Service Agreement the estimated cost of closure of the Round Glade Landfill and debt service payments with respect to the 1993 Bonds and any additional bonds notes or other obligations issued by the Service in connection with the Landfill Any resolution or resolutions adopted pursuant to this Resolution shall be deemed to be of an administrative nature and shall be effective upon adoption

Section 5 The provisions of this Resolution are severable and if any provision sentence section or part thereof is held illegal invalid unconstitutional or inapplicable to any person or circumstances such illegality invalidity unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions sentences clauses sections or parts of this Resolution or their application to other persons or circumstances It is hereby declared to be the legislative intent that this Resolution would have been adopted if such illegal invalid unconstitutional or inapplicable provision sentence clause section or part had not been included therein and as if the person or circumstances to which this Resolution or any part thereof is inapplicable had been specifically exempted therefrom

Section 6 This Resolution shall take effect from the day of its adoption

COUNTY COMMISSIONERS OF
GARRETT COUNTY

Elwood T Gross II
President

John D Broskey
Commissioner

Brenda J Butcher
Commissioner

[SEAL]

ATTEST

Robert J Fox
Clerk

ADOPTED

May 25, 1993

1185 Z05774A 11/19/92
15067 4

AMENDMENT TO THE APPROVED GARRETT COUNTY 10 YEAR SOLID WASTE MANAGEMENT MASTER PLAN

INTRODUCTION

Garrett County will enter into a Waste Disposal Service Agreement with the Maryland Environmental Service (the Service) to develop and finance a sanitary landfill to service the needs of Garrett County This amendment to the approved 10-year Solid Waste Management Master Plan has been prepared and adopted to show the County's desire and intent to divert all County generated solid waste that requires disposal to the new Landfill, know as the Del Signore Landfill The Landfill is located off of Oakland-Sang Run Road in Garrett County, Maryland Upon opening of the new Landfill, the Service will close and cap the former County Landfill known as the Round Glade Landfill, in accordance with the standards and requirements of federal and State laws and regulations The Service intends to issue bonds, notes or other obligations to finance the design, construction, and equipping of the new Landfill and the closure and capping of the existing County Landfill The County desires and intends to pay for all costs associated with the design, construction, equipping, operation and financing of the new Landfill, whether or not County solid waste is delivered to the site, as well as all costs associated with closure and capping of the existing County landfill

Recitals

A It is in the public interest of the County that the Service proceed with (1) the design, construction, equipping and operation of the Landfill (2) preparation of necessary financing documents (3) take all actions which the Service, at its discretion, deems necessary or appropriate for the issuance and sale of its bonds, notes, or other obligations to finance the construction of the Landfill and closure of the Round Glade Landfill and (4) preparation, execution and delivery of agreements and financing documents for the design, construction, equipping and operation of the Landfill and for the closure of the Round Glade Landfill In making this amendment to the County's 10-year Solid Waste Management Master Plan, the County has taken into consideration the County's plans for growth, relevant zoning, population, engineering and economic information and the need to provide adequate solid waste disposal facilities consistent with the State's requirements for protection of the environment

B The Landfill shall be constructed on property owned by the County and leased to the Service The site is located off of Oakland-Sang Run Road approximately 3 5 miles north of Oakland, Maryland The Landfill has been designed to accommodate County solid waste requiring disposal over a 20-year period, from 1993 to 2013

C The Service will enter into a lease with the County pursuant to which the County will lease the Landfill site to the Service for a term at least as long as the term of the Waste Disposal Service Agreement The Service will develop the property comprising the Landfill site, and will use the Landfill to provide solid waste disposal services to the County

D At the request of the County and upon completion of the construction and

equipping of the Landfill, the Service may hire an independent operator to operate the Landfill The operator shall not commence operations until the County has expressly approved the selection of the operator, which approval the County shall not unreasonably withhold The Service shall take such actions which the Service in its discretion, deems necessary or appropriate for management of the operator The Service shall terminate its agreement with the operator at any time that the Service determines the operator is not operating the Landfill in compliance with any statues, regulations, permits, licenses, or agreements

E The County acknowledges that it will be obligated under the Waste Disposal Service Agreement with the Service to pay the total costs incurred by the Service to provide the Landfill and close the Round Glade Landfill, which total costs include (without limitation) the costs of providing waste disposal services and debt service payments with respect to any bonds, notes or other obligations issued by the Service to finance the design, construction and equipping of the Landfill The County estimates that the cost of construction of the initial Landfill, related improvements, and closure of Round Glade will be no more than $6,800,000 and that the annual cost of operating the Landfill, including debt service will be approximately $1,300,000 The County also acknowledges that if it fails to pay the Service, the Service may exclude the County from entry at the Landfill and may accept solid waste delivered from other jurisdictions The County further acknowledges that it is obligated to pay the total costs of the Landfill regardless of whether or not it delivers waste to the Landfill

F It is determined that the Service will issue its bonds, notes or other obligations in an aggregate principal amount not to exceed $6,800,000 (Indebtedness) in order to finance the acquisition, design, construction and equipping of the Landfill, and that this Indebtedness will be paid from revenues received by the Service from the County

G The Waste Disposal Service Agreement is attached to and hereby is made part of this Amendment to the Solid Waste Management Master Plan

H Upon the opening of the Landfill the Service will undertake the closure, including the financing of the costs of the closure and post-closure monitoring of the existing Round Glade Landfill The County will give the Service access to the Round Glade Landfill The Service s obligations to conduct post-closure monitoring of the Round Glade Landfill will be set forth in a written agreement between the Service and the County

Duly approved by the Board of Garrett County Commissioners, this 25th day of May, 1993

Elwood L Groves, II Chairman

John G Braskey, Vice Chairman

Brenda J Butscher, Vice Chairman

Attest

Robert J Fousek County Clerk

Draft 05/21/93

MARYLAND ENVIRONMENTAL SERVICE

and

SIGNET TRUST COMPANY as Trustee

INDENTURE OF TRUST

Dated as of June 1 1993

$_____
Maryland Environmental Service
Revenue Bonds
(Garrett County Landfill Project)
Series 1993

(and any Additional Bonds issued on a parity therewith)

TABLE OF CONTENTS

SECTION		PAGE
RECITALS		1
GRANTING CLAUSES		2

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

1 01	Definitions	4
1 02	Rules of Construction	4

ARTICLE II

AUTHORIZATION AND DETAILS OF THE Series 1993 Bonds
ADDITIONAL BONDS

2 01	Series 1993 Bonds Authorized	6
2 02	Details of Bonds Form of Bonds and Certificate of Authentication	6
2 03	Conditions Precedent to Delivery of Series 1993 Bonds	7
2 04	Refunding Bonds	8
2 05	Authorization of Additional Bonds Conditions Precedent to Delivery of Additional Bonds	9
2 06	Execution and Authentication	13
2 07	Registration and Exchange of Bonds	13
2 08	Bonds Mutilated Destroyed Lost or Stolen	14
2 09	Cancellation and Disposition of Bonds	15
2 10	Book Entry of Series 1993 Bonds	15
2 11	Subordinate Obligations Authorized	17

ARTICLE III

REDEMPTION OF Series 1993 Bonds

3 01	Selection of Series 1993 Bonds to Be Redeemed	19
3 02	Notice of Redemption	19
3 03	Redemption of Portion of Bond	21

SECTION PAGE

ARTICLE IV

REVENUES AND FUNDS

4 01	Creation of Funds and Accounts	22
4 02	Application of Proceeds of Series 1993 Bonds	22
4 03	Construction Fund Application of Moneys	23
4 04	Completion of the Project and Additional Facilities	23
4 05	Deposit of Revenues	23
4 06	Debt Service Fund Application of Moneys	26
4 07	Debt Service Reserve Fund Application of Moneys Deficiencies and Surpluses	28
4 08	Redemption Fund Application of Moneys	30
4 09	Insurance and Condemnation Award Fund Application of Moneys	31
4 10	Investment of Moneys Application of Earnings on Debt Service Reserve Fund	35
4 11	Application of Moneys in Certain Funds for Retirement of Bonds	37
4 12	Bonds Not to Be Arbitrage Bonds Rebate Fund	37
4 13	The Municipal Bond Insurance Policy Concerning AMBAC INDEMNITY	40

ARTICLE V

PARTICULAR COVENANTS

5 01	Payment of Principal and Interest	44
5 02	Performance of Covenants Undertakings and Agreements Representations as to Authorization and Validity of Bonds	44
5 03	Liens Encumbrances and Charges, AMBAC Indemnity Inspection Rights	45
5 04	Accounts and Audits	45
5 05	Amendment of the Project and Additional Facilities	46
5 06	Filing of Financing Statements	46
5 07	Rate Covenant	47
5 08	Insurance	48

SECTION PAGE

ARTICLE VI

CONCERNING THE TRUSTEE

6 01	Appointment of the Trustee Registrar Acceptance of Trustee	49
6 02	Trustee Entitled to Indemnity	49
6 03	Responsibilities of the Trustee	49
6 04	Property Held in Trust	50
6 05	Trustee Protected in Relying on Certain Documents	50
6 06	Compensation	51
6 07	Permitted Acts	51
6 08	Resignation of the Trustee	52
6 09	Removal of Trustee	52
6 10	Successor Trustee	52
6 11	Transfer of Rights and Property to Successor Trustee	54
6 12	Merger Conversion or Consolidation of Trustee	54
6 13	Trustee to File Continuation Statements	54
6 14	Municipal Bond Insurance Policy	55

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

7 01	Events of Default	56
7 02	Acceleration of Maturity	57
7 03	Enforcement	58
7 04	Priority of Payments following Default	59
7 05	Discontinuance of Proceedings	61
7 06	Majority of Holders May Control Proceedings	61
7 07	Restrictions upon Action by Individual Holders	61
7 08	Actions by Trustee	62
7 09	No Remedy Exclusive	62
7 10	No Delay or Omission Construed as a Waiver Waiver of Default	62
7 11	Notice of Default	63

SECTION		PAGE
	ARTICLE VIII	
	MODIFICATION OR AMENDMENT OF INDENTURE AND SERVICE AGREEMENT	
8 01	Modification or Amendment Without Consent	64
8 02	Supplemental Indentures Requiring Consent of Holders of Bonds and AMBAC Indemnity	66
8 03	Notation on Bonds	66
8 04	Amendment of Service Agreement	66
	ARTICLE IX	
	DEFEASANCE	
9 01	Defeasance	68
	ARTICLE X	
	MISCELLANEOUS	
10 01	Further Assurances	70
10 02	Consent of Holders Evidence of Signatures of Holders and Ownership of Bonds	70
10 03	Preservation by Trustee and Inspection of Documents	71
10 04	Moneys and Funds Held for Particular Bonds	71
10 05	No Recourse on Bonds	72
10 06	Service Protected in Acting in Good Faith	72
10 07	Severability of Invalid Provision	72
10 08	Notices	72
10 09	Other Bond Indentures	73
10 10	Business Days	73
10 11	Parties Interested Herein	73
10 12	Execution in Several Counterparts	73
10 13	Governing Law	73
APPENDIX A	Definitions	A 1
APPENDIX B	Form of Series 199~~3~~2 Bond	B-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of June 1 1993 is by and between Maryland Environmental Service a body politic and corporate constituting an instrumentality of the State of Maryland (the "Service") and Signet Trust Company a national banking association as trustee (the "Trustee")

RECITALS

Chapter 240 of the Laws of Maryland of 1970 as amended from time to time by acts of the General Assembly of the State including Chapter 815 of the Laws of Maryland of 1989 codified at Sections 3 101 to 3 129 inclusive of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume and 1993 Cumulative Supplement) (the "Act") authorizes the Service to issue bonds and notes for the purpose of financing and refinancing the cost of acquiring constructing reconstructing, improving or extending any solid waste disposal project as defined in the Act

On May 27 1993 the Service adopted a resolution authorizing the issuance sale and delivery of $_____ aggregate principal amount of its Revenue Bonds (Garrett County Landfill Project) Series 1993 (the "Series 1993 Bonds") in order to finance a portion of the cost of the acquisition and construction of a solid waste disposal project (the "Project " as defined herein) in Garrett County Maryland

The Service will own and operate the Project and has entered into a Waste Disposal Service Agreement dated as of June 1, 1993 (the "Service Agreement") with each of County Commissioners of Garrett County (the "County") providing for the delivery to the Service for disposal of solid waste generated within the boundaries of the County

The Series 1993 Bonds and any Additional Bonds (defined herein) issued from time to time under this Indenture (collectively, the "Bonds") will be equally and ratably secured to the extent provided herein by a pledge and assignment of the Trust Estate (defined herein)

The Series 1993 Bonds and the Certificate of Authentication to be endorsed thereon are to be substantially in the forms set forth in Appendix B attached hereto and made a part hereof with appropriate insertions omissions and variations as permitted hereby

All things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided the valid and binding limited obligations of the Service according to the import thereof and to constitute this Indenture a valid assignment and pledge of the Trust Estate have been done and performed and the creation execution and delivery of this Indenture and the creation execution and issuance of the Series 1993 Bonds subject to the terms hereof have in all respects been duly authorized

GRANTING CLAUSES

The Service in consideration of the premises of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the owners thereof and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged in order to secure the payment of the principal or Redemption Price (defined herein) of and interest on and the purchase price of the Bonds according to their tenor and effect and to secure the performance and observance by the Service of all the covenants expressed or implied herein and in the Bonds does hereby grant bargain sell convey assign and pledge and grant a security interest in the following to the Trustee for the equal and ratable benefit of the Bondholders (defined herein) and their respective successors and assigns forever subject only to the provisions of this Indenture permitting the application thereof on the terms and conditions set forth in this Indenture

GRANTING CLAUSE FIRST

All of the right title and interest of the Service in and to the proceeds of the Series 1993 Bonds

GRANTING CLAUSE SECOND

All Revenues (defined herein) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed mortgaged pledged assigned or transferred as and for additional security hereunder by the Service or by anyone on its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof and

GRANTING CLAUSE THIRD

All of the right title and interest of the Service in and to the Service Agreement provided however that so long as the Service is not in default thereunder the Service shall be entitled to exercise all of its rights and obligations thereunder and shall be entitled to receipt of all payments or other obligations thereunder from or by the County

TO HAVE AND TO HOLD all and singular the Trust Estate whether now owned or hereafter acquired unto the Trustee and its successors in trust and assigns forever upon the terms and trusts herein set forth for the equal and ratable benefit security and protection of all present and future owners of the Bonds from time to time issued under and secured by this Indenture without privilege priority or distinction as to the lien or otherwise of any of the Bonds over any other Bonds except as otherwise expressly provided herein

PROVIDED HOWEVER that if the Service shall well and truly pay or cause to be paid the principal or Redemption Price of and interest on and the purchase price of the Bonds according to the true intent and meaning thereof or shall provide for the payment thereof as permitted by Article IX hereof and shall perform and observe all the covenants and conditions of this Indenture to be kept performed and observed by it and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof then upon compliance with Article IX the lien of this Indenture shall be discharged and satisfied otherwise this Indenture to be and remain in full force and effect

All Bonds issued and secured hereunder are to be issued authenticated and delivered and all such property rights and interests including (without limitation) the amounts hereby assigned and pledged are to be dealt with and disposed of under upon and subject to the terms conditions stipulations covenants agreements trusts uses and purposes as hereinafter expressed and the Service has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective owners of the Bonds as follows (subject however to the provisions of Section 5 01 hereof)

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1 01 Definitions Terms used in this Indenture shall have the meanings set forth in Appendix A unless a different meaning clearly appears from the context

Section 1 02 Rules of Construction Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number

(b) Words of the masculine gender include correlative words of the feminine and neuter genders

(c) The headings and the table of contents set forth in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meaning construction or effect

(d) Words importing persons include any individual corporation partnership joint venture association joint stock company trust unincorporated organization or government or agency or political subdivision thereof

(e) Any reference to a particular percentage or proportion of the holders of Bonds shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Indenture except Bonds held by or for the account of the Service whether or not pledged to or by the Service to secure any indebtedness provided however that Bonds so pledged may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee s right to vote such Bonds Any reference herein to Bonds the consent or direction of a specified proportion of the holders of which is required or permitted prior to the taking of any action hereunder shall mean the holders of such proportion of Outstanding Bonds as shall be affected thereby

(f) Any reference to the Revenue Fund the Debt Service Fund the Interest Account the Principal Account the Sinking Fund Account the Debt Service Reserve Fund the

Redemption Fund the Rebate Fund the Operating Fund or the Construction Fund shall be to the fund or account so designated that is created under Section 4 01

(g) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall otherwise require

ARTICLE II

AUTHORIZATION AND DETAILS OF THE SERIES 1993 BONDS ADDITIONAL BONDS

Section 2 01 Series 1993 Bonds Authorized There is hereby authorized the issuance under this Indenture of a Series of Bonds in the aggregate principal amount of _____ _____Dollars ($_____) which shall be designated "Maryland Environmental Service Revenue Bonds (Garrett County Landfill Project) Series 1993 " for the purpose of financing the Cost of the Project

Section 2 02 Details of Bonds, Form of Bonds and Certificate of Authentication The Series 1993 Bonds shall be issued as fully registered bonds without coupons The Series 1993 Bonds shall bear interest at the rate or rates of interest per annum (calculated on the basis of a 360 day year consisting of twelve 30-day months) set forth below and shall mature on _____ in each of the years and in amounts as follows

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
1993	$	%	2002	$	%
1994			2003		
1995			2004		
1996			2005		
1997			2006		
1998			2007		
1999			2008		
2000			2009		
2001			2010		
			[2012]		

The Series 1993 Bonds shall be subject to mandatory and optional redemption prior to maturity and shall otherwise have the terms tenor denominations details and specifications as set forth in the form of Series 1993 Bond attached hereto as Appendix B

The Bonds of any Series of Additional Bonds shall bear interest mature be subject to mandatory and optional redemption prior to maturity and shall have the terms tenor denominations details and specifications as set forth in Section 2 05 and in the Supplemental Indenture authorizing the issuance of such Additional Bonds

The Series 1993 Bonds issued under this Indenture shall be substantially in the form set forth in Appendix B attached hereto and made a part hereof with such insertions omissions and variations as may be deemed necessary or appropriate by the Authorized Officer of the Service executing the same and as shall be permitted by the Act The Service hereby adopts the form of Series 1993 Bond set forth in Appendix B hereto and all of the covenants and conditions set forth therein as and for a form of obligation to be incurred by the Service under this Indenture The covenants and conditions set forth in the form of Series 1993 Bond are incorporated into this Indenture by reference and shall be binding upon the Service as though set forth in full herein The Bonds may contain or have endorsed thereon any notations legends or endorsements not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by an Authorized Officer of the Service prior to the authentication and delivery of such Bonds The execution and delivery of the Bonds by the Service in accordance with this Indenture shall be conclusive evidence of the approval of the form of the Bonds by the Service including any insertions omissions variations notations legends or endorsements authorized by this Indenture

The Bonds shall be numbered in the manner determined by the Trustee Before authenticating and delivering any Bond the Trustee as Registrar shall complete the form of such Bond to show the registered owner principal amount interest rate maturity date number and authentication date of such Bond Additional Bonds may bear such identifying designation as may be provided in the Supplemental Indenture authorizing such Additional Bonds and the Trustee may reflect such identifying designation in the numbering of such Additional Bonds

The Bonds of a Series may have printed on the reverse side thereof the opinion of Bond Counsel for such Bonds The printing of CUSIP numbers on the Bonds shall have no legal effect and shall not affect the enforceability of any Bond

Section 2 03 Conditions Precedent to Delivery of Series 1993 Bonds The Series 1993 Bonds shall be executed by the Service and delivered to the Trustee whereupon the Trustee shall authenticate the Series 1993 Bonds and upon payment of the purchase price of the Series 1993 Bonds shall deliver the Series 1993 Bonds upon the order of the Service but only upon delivery to the Trustee of

(a) a counterpart of this Indenture executed by the parties hereto

(b) the written order of the Service directing the authentication and delivery of the Series 1993 Bonds signed by an Authorized Officer of the Service describing the Series 1993 Bonds to be authenticated and delivered designating the purchasers to whom the Series 1993 Bonds are to be delivered stating the purchase price of the Series 1993 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service

(c) an opinion of Bond Counsel (who may rely upon the opinion of other counsel who may be counsel to the Trustee) to the effect that (i) this Indenture has been duly authorized executed and delivered by the Service and the Trustee and constitutes the valid and binding obligation of the Service and the Trustee and (ii) the Service is duly authorized and entitled to issue the Series 1993 Bonds and Series 1993 Bonds executed authenticated and delivered as provided in this Indenture have been duly and validly issued and constitute valid and binding special obligations of the Service

(d) a counterpart of the Service Agreement executed by the parties thereto

(e) an opinion of Bond Counsel (who may rely upon the opinion of other counsel who may be counsel to the Service or the County) to the effect that the Service Agreement has been duly authorized executed and delivered by the parties thereto and constitutes a valid and binding obligation of such parties in accordance with its terms

(f) the original and a certified copy of the Municipal Bond Insurance Policy fully executed by AMBAC Indemnity together with an opinion of counsel to AMBAC Indemnity to the effect that the Municipal Bond Insurance Policy has been duly authorized executed and delivered by AMBAC Indemnity and constitutes the valid and binding obligation of AMBAC Indemnity and

(g) a certificate of the County and the Service dated the date of issuance of the Series 1993 Bonds stating that the conditions precedent set forth in Section 7 14 of the Service Agreement have either been satisfied or waived by the County and the Service

Section 2 04 Refunding Bonds In accordance with Section 3 115 of the Act the Service may issue refunding bonds (which may be Bonds issued under this Indenture) to refund any

Outstanding Bonds Refunding bonds shall be issued pursuant to and in accordance with the provisions of this Indenture or any other indenture entered into by the Service authorizing such refunding bonds which may provide (without limitation) for the refunding of Outstanding Bonds in advance of the earliest redemption date for such Outstanding Bonds

Section 2 05 Authorization of Additional Bonds, Conditions Precedent to Delivery of Additional Bonds In addition to the Series 1993 Bonds the Service may issue from time to time Additional Bonds under and secured by this Indenture subject to the conditions hereinafter provided in this Section for any one or more of the following purposes

(i) refunding or advance refunding any Outstanding Bonds

(ii) obtaining funds to pay the Cost of Additional Facilities required in order to restore maintain improve or increase the disposal capacity of the Project or otherwise to permit the Service to meet its waste disposal obligations under the Service Agreement including (without limitation) the acquisition or construction of Disposal Sites or

(iii) obtaining funds to pay the Cost of completing the Project or any Additional Facilities

Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any Bonds to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction and (if deemed advisable by the Service) for a limited period after the completion of the Project or any Additional Facilities as the case may be The issuance of Additional Bonds shall be authorized by a Supplemental Indenture which shall specify all matters required to be provided in this Section

Each series of Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture (including without limitation the pledge of the Revenues) as, the Series 1993 Bonds and any other series of Additional Bonds that may be issued from time to time as provided in this Section

The Supplemental Indenture authorizing the issuance of any series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds the form denominations registration provisions and provisions for the exchange of such Additional Bonds and other details of such Additional Bonds Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide for the creation of a separate Debt Service Fund Construction Fund Debt Service Reserve Fund and Redemption Fund for each series of Bonds

All Additional Bonds shall mature on September 1 and redemptions of Additional Bonds from the Sinking Fund Account shall be made on September 1 of the year in which such redemptions are to be made and the interest on all Additional Bonds shall be payable on September 1 and March 1 of each year unless the Supplemental Indenture authorizing such Additional Bonds provides for the creation of a separate Debt Service Fund for each series of Bonds

The Supplemental Indenture authorizing the issuance of any series of Additional Bonds may provide that funds on deposit in any debt service reserve fund or proceeds realized under any Credit Facility securing the payment of such Additional Bonds shall not be available to pay the principal or Redemption Price of or interest on or the purchase price of the Series 1993 Bonds or any other series of Additional Bonds

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for each series of Bonds then such Supplemental Indenture shall require (i) that Revenues shall be deposited pro rata as to time and amount among first the Debt Service Funds and second the Debt Service Reserve Funds for each series of Bonds on the basis of the principal of or the Sinking Fund Installments for and the interest on each series of Bonds becoming due and the amounts required to be deposited in such Debt Service Reserve Funds respectively during the period from September 2 of any year through September 1 of the immediately succeeding year to the end that the Bonds of each series shall be equally and ratably secured by the pledge of the Trust Estate made hereby and (ii) that amounts on deposit in the Debt Service Fund Construction Fund Debt Service Reserve Fund and Redemption Fund created for each series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on or the purchase price of the Bonds of such series or to the reimbursement of the issuer of any Credit Facility securing such Bonds and shall not be available to satisfy the claims of Holders of Bonds of any other series or of the issuer of any Credit Facility securing any other series of Bonds

Any Supplemental Indenture authorizing the issuance of Additional Bonds shall provide that any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of the Project or any Additional Facilities financed with the proceeds of such Additional Bonds shall be deposited in the Redemption Fund created for such series of Additional Bonds

Any Supplemental Indenture authorizing the issuance of Additional Bonds shall state the amount (if any) of the proceeds of such Additional Bonds or other moneys required to be deposited in the Debt Service Reserve Fund to make the amount on deposit therein equal the Debt Service Reserve Fund Requirement upon the issuance of such Additional Bonds and may provide that the amount of any increase in the Debt Service Reserve Fund Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds If a separate Debt Service Reserve Fund is created for any series of Bonds the Debt Service Reserve Fund Requirement shall be calculated separately for each series of Bonds for which a separate Debt Service Reserve Fund is maintained

The Bonds of each series of Additional Bonds shall be executed by the Service and delivered to the Trustee whereupon the Trustee shall authenticate such Additional Bonds and upon payment of the purchase price of such Additional Bonds deliver such Additional Bonds to or upon the order of the Service but only upon receipt by the Trustee of

(a) a counterpart of the applicable Supplemental Indenture authorizing the issuance of such Additional Bonds executed by the parties hereto

(b) an opinion of Bond Counsel to the effect that (i) the Supplemental Indenture of the Service authorizing the issuance of such Additional Bonds has been duly authorized executed and delivered by the Service and assuming the due authorization execution and delivery thereof by the Trustee constitutes the valid and binding obligation of the Service (ii) the Service is duly authorized and entitled to issue such Additional Bonds and Bonds executed authenticated and delivered as provided in such Supplemental Indenture have been duly and validly issued and constitute valid and binding limited obligations of the Service and (iii) the issuance of such Additional Bonds will not adversely affect the excludability from gross income for federal income tax purposes of interest paid on any Tax Exempt Bonds theretofore issued

(c) a certificate of an Authorized Officer of the Service to the effect that on the date of the authentication and delivery of such Additional Bonds (i) the Service is not in default in the performance or observance of any of the covenants conditions agreements or provisions of this Indenture and (ii) neither the Service nor the County is in default in the performance or observance of any of the covenants conditions agreements or provisions of the Service Agreement provided however that the Trustee shall not be required to have received the certificate described in this paragraph (c) in connection with the issuance of any Bonds issued for the purpose of refunding or advance refunding any Outstanding Bonds

(d) a written order of the Service directing the authentication and delivery of such Additional Bonds describing the Additional Bonds to be authenticated and delivered designating the purchasers to whom such Additional Bonds are to be delivered stating the purchase price of such Additional Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service

(e) moneys or securities authorized for the investment of the Debt Service Reserve Fund (which may include without limitation a Debt Service Reserve Fund Credit Facility qualified to be credited to the Debt Service Reserve Fund under Section 4 11) in an amount equal to the amount if any required to be paid to the Debt Service Reserve Fund to make the amount on deposit in the Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement upon the issuance of such Additional Bonds

(f) a certificate of an Authorized Officer of the Service to the effect that the Coverage Ratio for the most recent Fiscal Year of the Service for which audited financial statements are available is not less than 1 00 (assuming for this purpose that Landfill Revenues do not include any amounts described in items (c) and (d) of such definition) and

(g) the written consent of the County to the issuance of such Additional Bonds

Notwithstanding the foregoing the Trustee shall not be required to have received the items required under paragraphs (f) and (g) above in connection with the issuance of any Additional Bonds issued for the purpose of (i) refunding or advance refunding any Outstanding Bonds if the Trustee shall have received a certificate of an Authorized Officer of the Service to the effect that after giving effect to the proposed

refunding or advance refunding Maximum Annual Debt Service on all Outstanding Bonds will not be increased by more than five percent or (ii) financing or refinancing the cost of any portion of the Landfill

Additional Bonds may be authenticated delivered and paid for in installments of less than the total authorized principal amount of a series of Bonds from time to time as the Service may direct in its written requests

Section 2 06 Execution and Authentication The Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Director or Deputy Director and sealed with its corporate seal (or a facsimile thereof), attested by the manual or facsimile signature of its Secretary In case any officer whose manual or facsimile signature appears on the Bonds shall cease to be such officer before delivery of such Bonds such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery and the Service may adopt and use for the execution of Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds notwithstanding the fact that such person may not have been an officer on the date of such Bonds or that such person may have ceased to be an officer at the time when such Bonds shall be actually authenticated and delivered

No Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Appendix B attached to this Indenture or in the Supplemental Indenture authorizing the issuance of such Bond (as the case may be) duly executed by the Trustee and such certificate of the Trustee upon any Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Indenture The certificate of the Trustee may be executed by any authorized signatory of the Trustee

Section 2 07 Registration and Exchange of Bonds The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery subject only to the provisions for registration and registration of transfer endorsed on the Bonds

The Service shall cause books for registration and the registration of transfer of Bonds to be prepared The registration books shall be kept by the Registrar

If any Bond is surrendered to the Trustee at its principal corporate trust office for transfer or exchange in accordance with the provisions of such Bond the Service shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same series in any authorized denominations bearing interest at the same rate and having the same stated maturity date in aggregate principal amount equal to the principal amount of the Bond so surrendered upon reimbursement to the Service or the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange

Neither the Service nor the Trustee shall be required to register the transfer of any Bond or make any such exchange of any Bond after such Bond or any portion thereof has been selected for redemption

Section 2 08 Bonds Mutilated, Destroyed, Lost or Stolen If any temporary or definitive Bond shall become mutilated or be destroyed lost or stolen the Service in its discretion may execute and upon its request the Trustee shall authenticate and deliver a new Bond in exchange for the mutilated Bond or in lieu of and substitution for the Bond so destroyed lost or stolen In every case of exchange or substitution the applicant shall furnish to the Service and to the Trustee (i) evidence to their satisfaction of the mutilation destruction loss or theft of the applicant s Bond and of the ownership thereof and (ii) in the case of any destroyed lost or stolen Bond such security or indemnity as may be required by them to save each of them harmless from all risks however remote The Trustee may authenticate any Bond issued upon such exchange or substitution and deliver such Bond upon the written request or authorization of an Authorized Officer of the Service Upon the issuance of any Bond upon such exchange or substitution the Service may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses including counsel fees of the Service or the Trustee

If any Bond that has matured or is about to mature shall become mutilated or be destroyed lost or stolen instead of issuing a Bond in exchange or substitution therefor the Service may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Service and to the Trustee evidence to the satisfaction of the Service and to the Trustee of the mutilation destruction loss or theft of such Bond and of the ownership thereof and in the case of any destroyed lost or stolen Bond such security or indemnity as they may require to save them harmless

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond that is mutilated destroyed lost or stolen shall constitute an additional contractual obligation of the Service whether or not the destroyed lost or stolen Bond shall be found at any time or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated destroyed lost or stolen Bonds and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender

Section 2 09 Cancellation and Disposition of Bonds All mutilated Bonds all Bonds surrendered for exchange or transfer all Bonds that have been paid at maturity or upon prior redemption and all Bonds surrendered to the Trustee by the Service for cancellation or purchased by the Trustee with amounts on deposit in the Sinking Fund Account shall be cancelled by the Trustee and cremated or destroyed by other means The Trustee shall deliver to the Service a certificate of any such cremation or other destruction of any Bond identifying the Bond so cancelled and cremated or otherwise destroyed

Section 2 10 Book Entry of Series 1993 Bonds The provisions of this Section shall apply to the Series 1993 Bonds so long as all of the Series 1993 Bonds shall be maintained under a book entry system with The Depository Trust Company a corporation organized and existing under the laws of the State of New York and any other securities depository for the Series 1993 Bonds appointed pursuant to this Section or their successors (a "Securities Depository") any other provisions of this Indenture to the contrary notwithstanding

(a) The principal or Redemption Price of and interest on the Series 1993 Bonds shall be payable to the Securities Depository or registered assigns as the registered owner of the Series 1993 Bonds in next day funds on each date on which the principal or Redemption Price of or interest on the Series 1993 Bonds Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Service and the Trustee in writing Without notice to or the consent of the beneficial owners of the Series 1993 Bonds the Service and the Securities Depository may agree in writing to make payments of principal

and interest in a manner different from that set out herein In such event the Service shall give the Trustee notice thereof and the Trustee shall make payments with respect to the Series 1993 Bonds in the manner specified in such notice as if set forth herein Neither the Service nor the Trustee shall have any obligation with respect to the transfer or crediting of the appropriate principal and interest payments to any participant of any Securities Depository (a "Participant") or the beneficial owners of the Series 1993 Bonds or their nominees

(b) In the event that part but not all of any outstanding Series 1993 Bond is to be retired (by redemption acceleration or otherwise) the Securities Depository in its discretion (i) may request the Trustee to authenticate and deliver a new Series 1993 Bond in accordance with Section 2 07 of the Indenture upon presentation and surrender of such Series 1993 Bond to the Trustee or (ii) shall make appropriate notation on the Series 1993 Bond certificate indicating the date and amount of each principal payment provided that payment of the final principal amount of any Series 1993 Bond shall be made only upon presentation and surrender of such Series 1993 Bond to the Trustee

(c) So long as the Securities Depository or its nominee is the registered owner of the Series 1993 Bonds the Service and the Trustee will recognize the Securities Depository or its nominee respectively as the holder of all of the Series 1993 Bonds for all purposes including (without limitation) the payment of the principal or Redemption Price of and interest on the Series 1993 Bonds the giving of notices and any consent or direction required or permitted to be given to or on behalf of the holders of the Series 1993 Bonds under this Indenture

(d) The Service in its discretion at any time may replace any Securities Depository as the depository for the Series 1993 Bonds with another qualified securities depository or discontinue the maintenance of the Series 1993 Bonds under a book entry system upon 30 days notice to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository) A copy of any such notice shall be delivered promptly to the Trustee

(e) If the Service discontinues the maintenance of the Series 1993 Bonds under a book entry system the Service will issue Series 1993 Bonds directly to the Participants or to the extent requested by any Participant to the beneficial owners of Series 1993 Bonds as further described in this Section The Service shall make provisions to notify

Participants and the beneficial owners of the Series 1993 Bonds by mailing an appropriate notice to the Securities Depository or by other means deemed appropriate by the Service in its discretion that it will issue Series 1993 Bonds directly to the Participants or to the extent requested by any Participant to beneficial owners of Series 1993 Bonds as of a date set forth in such notice which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository)

In the event that Series 1993 Bonds are to be issued to Participants or to beneficial owners of the Series 1993 Bonds the Service shall promptly have prepared Series 1993 Bonds in certificated form registered in the names of the Participants as shown on the records of the Securities Depository provided to the Registrar or to the extent requested by any Participant in the names of the beneficial owners of Series 1993 Bonds shown on the records of such Participant provided to the Registrar as of the date set forth in the notice delivered in accordance with this subsection Series 1993 Bonds issued to Participants or to beneficial owners shall be in fully registered form substantially in the forms set forth in Appendix B

(f) If the Service replaces any Securities Depository as the depository for the Series 1993 Bonds with another qualified Securities Depository the Service will issue to the replacement Securities Depository Series 1993 Bonds substantially in the forms set forth in Appendix B registered in the name of such replacement Securities Depository

(g) Each Securities Depository and the Participants and the beneficial owners of the Series 1993 Bonds by their acceptance of the Series 1993 Bonds agree that the Service and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligations to any Participant or any beneficial owner of any Series 1993 Bonds nor shall the Service or the Trustee be liable for the failure of any Participant or other nominee of any beneficial owner of any Series 1992 Bonds to perform any obligation that such Participant or other nominee may may incur to any beneficial owner of the Series 1993 Bonds

Section 2 11 Subordinate Obligations Authorized In addition to any Additional Bonds issued in accordance with Section 2 05 the Service may issue from time to time other Indebtedness for any purpose for which Additional Bonds may be issued hereunder Each Subordinate Obligation shall be issued

pursuant to a Supplemental Resolution which shall specify the interest rate or rates maturity redemption provisions form registration provisions and all other details of such Subordinate Obligation Prior to the issuance of any Subordinate Obligations there shall be delivered to the Trustee each of the items described in clauses (a) (b) (c) (d) and (f) of Section 2 05 as if such Subordinate Obligations were Bonds The Service may pledge the Revenues to the payment of any Subordinate Obligations but such pledge shall be junior and subordinate to the pledge of the Revenues to secure Bonds

So long as no Event of Default under this Indenture shall have occurred and be continuing the Service may pay or prepay or authorize the payment or prepayment of the principal of and interest on any Subordinate Obligation and no recourse shall be had by the holder of any Bond against the person to whom any such payment shall have been made unless such person shall have had at the time of receipt of such payment actual knowledge of the insolvency of the Service During the continuance of any Event of Default under this Indenture no payments shall be made with respect to the principal of or interest on any Subordinate Obligation

ARTICLE III

REDEMPTION OF SERIES 1993 BONDS

Section 3 01 Selection of Series 1993 Bonds to Be Redeemed If fewer than all of the Series 1993 Bonds of any one maturity shall be called for redemption the Trustee shall select the particular Series 1993 Bonds or portions of Series 1993 Bonds to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper provided however, that the portion of any Series 1993 Bond to be redeemed shall be in the principal amount of $5 000 or an integral multiple thereof and that in selecting Series 1993 Bonds for redemption the Trustee shall treat each Series 1993 Bond as representing that number of Series 1993 Bonds which is obtained by dividing the principal amount of such Bond by $5 000

So long as all of the Series 1993 Bonds shall be maintained in book entry form with the Securities Depository the Trustee shall notify the Securities Depository of the maturities and principal amounts of the Series 1993 Bonds to be redeemed and such notification is hereby deemed to be in a proper manner of selection of the Series 1993 Bonds to be redeemed

Section 3 02 Notice of Redemption (a) The Service shall give written notice to the Trustee of its election to redeem Series 1993 Bonds pursuant to Section 5(a) 5(b) or 5(c) of the Series 1993 Bonds at least 60 days prior to the redemption date of such Bonds or such fewer number of days as shall be acceptable to the Trustee Upon receipt of such notice pursuant to Section 5(e) of the Series 1993 Bonds the Trustee shall give notice in the name of the Service of the Service s election to redeem such Bonds pursuant to Section 5(a) 5(b) or 5(c) of the Series 1993 Bonds as the case may be

(b) Each notice of redemption of Series 1993 Bonds shall be given in accordance with the terms of the Series 1993 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 1993 Bonds to be redeemed (ii) the date fixed for redemption (iii) the Redemption Price to be paid (iv) that such Series 1993 Bonds will be redeemed at the principal corporate trust office of the Trustee (v) if fewer than all of the Series 1993 Bonds of any one maturity then Outstanding shall be called for redemption the distinctive numbers and letters if any of the Series 1993 Bonds to be redeemed (vi) in the case of Series 1993 Bonds to

be redeemed in part only the portion of the principal amount thereof to be redeemed and (vii) that on the redemption date there shall become due and payable upon all Series 1993 Bonds to be redeemed the Redemption Price thereof together with interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue If any Series 1993 Bond is to be redeemed in part only the notice of redemption that relates to such Series 1993 Bond shall state also that on or after the redemption date upon surrender of such Series 1993 Bond to the Trustee at its principal corporate trust office a new Bond or Bonds of the same Series of Bonds and maturity bearing interest at the same rate and of any denomination authorized by this Indenture will be issued in aggregate principal amount equal to the unredeemed portion of such Series 1993 Bond Each notice of redemption with respect to any Series 1993 Bond shall comply with any regulation or release of the Securities Exchange Commission the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Bond

(c) If notice of redemption shall have been given as provided in this Section then on or prior to the redemption date the Service shall pay to the Trustee from the Revenues an amount in cash that in addition to other moneys if any available therefor held by the Trustee shall be sufficient to redeem at the Redemption Price thereof plus accrued interest to the redemption date all of the Series 1993 Bonds the Service has so elected to redeem

(d) Notwithstanding the foregoing provisions of this Section to the contrary so long as all of the Series 1993 Bonds are maintained in book entry form with the Securities Depository (i) the Service shall give the Securities Depository written notice of its election to redeem Bonds in paragraph (a) of this Section no less than 45 days nor more than 60 days before the date fixed for redemption and (ii) any notice of redemption of any Series 1993 Bond or portion thereof to be given by the Trustee as herein provided shall also be given to the Securities Depository by legible facsimile transmission registered or certified mail or overnight express delivery no later than two Business Days prior to the date notice of such redemption is published pursuant to Section 5(e) of the Series 1993 Bonds Such notice by the Trustee to the Securities Depository, in addition to the matters set forth in paragraph (b) of this Section shall state (i) the maturity date and the CUSIP number of the Series 1993 Bond or portion thereof to be redeemed and (ii) the date on which the notice of redemption with respect to such Series 1993 Bond or portion thereof is to be published

Section 3 03 Redemption of Portion of Bond In case part but not all of an Outstanding Series 1993 Bond shall be selected for redemption upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond the Service shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner of such Bond or the owner s attorney or legal representative without charge therefor for the unredeemed portion of the principal amount of the Bond so surrendered a Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any denomination authorized by this Indenture in aggregate principal amount equal to the unredeemed portion of such Bond

ARTICLE IV

REVENUES AND FUNDS

Section 4 01 Creation of Funds and Accounts The following funds and separate accounts within funds are hereby created for the benefit of the holders of all Bonds Outstanding under this Indenture

Revenue Fund
Construction Fund
Debt Service Fund
Interest Account
Principal Account and
Sinking Fund Account
Debt Service Reserve Fund
Redemption Fund
Insurance and Condemnation Award Fund and
Rebate Fund

For the purposes of internal accounting the funds and accounts created pursuant to this Section may contain one or more accounts or subaccounts as the Service shall direct

Each such fund or account shall be held by the Trustee hereunder Pending the application of amounts on deposit therein as provided in this Indenture such amounts are hereby pledged to the payment of the principal of and interest on all Outstanding Bonds

The Rebate Fund is not pledged to the payment of any Bonds

Section 4 02 Application of Proceeds of Series 1993 Bonds In accordance with Section 3 119 of the Act the proceeds of the Series 1993 Bonds shall be received by the Trustee on behalf of the Service in trust for the benefit of the holders from time to time of the Bonds subject to and in accordance with the terms of this Indenture Upon receipt of such proceeds the Trustee shall make payments from such proceeds as follows (i) any accrued interest on the Series 1993 Bonds shall be deposited in the Interest Account (ii) $_____ being an amount equal to the net capitalized interest on the Series 1993 Bonds shall be deposited in a separate segregated subaccount in the Interest Account (iii) $_____ an amount equal to the Debt Service Reserve Fund Requirement shall be deposited in the Debt Service Reserve Fund and (iv) the balance of such proceeds shall be deposited in the Construction Fund

Section 4 03 Construction Fund Application of Moneys (a) Moneys deposited in the Construction Fund shall be used only to finance or refinance the Costs of or relating to the Project and any Additional Facilities

(b) Payments from the Construction Fund shall be made in accordance with requisitions signed by an Authorized Officer of the Service stating the names of the payees the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment

(c) Upon receipt of a certificate certifying the completion of the Project or any Additional Facilities in accordance with Section 4 04 the Trustee shall pay the balance of moneys then remaining in the Construction Fund less any amounts to be retained in the Construction Fund to pay any unpaid Costs of the Project or such Additional Facilities (as the case may be) as follows and in the following order of priority

FIRST to the Debt Service Reserve Fund such amount as shall be necessary to make the amount credited to the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement and

SECOND to the Redemption Fund any balance on deposit in the Construction Fund after making the payment required above

Section 4 04 Completion of the Project and Additional Facilities Completion of the Project and any Additional Facilities shall be determined by a certificate signed by an Authorized Officer of the Service and delivered to the Trustee Such certificate shall state that the Project or such Additional Facilities (as the case may be) is complete describe it in terms sufficient for identification and specify the date of completion Such certificate shall also state the amount of all unpaid costs of the Project or the Additional Facilities (as the case may be) if any

Section 4 05 Deposit of Revenues (a) On the tenth day of each month the Service shall pay to the Trustee from the Revenues an amount sufficient to make the deposits required by paragraph (b) for such month The Revenues and any other moneys paid to the Trustee shall be promptly deposited by the Trustee to the credit of the Revenue Fund

(b) Except as otherwise expressly provided in this Indenture the Trustee shall transfer moneys in the Revenue Fund upon deposit thereof as follows and in the following order of priority

FIRST to the Interest Account the amount if any necessary to make the amount on deposit therein equal to the amount of accrued and unpaid interest on the Bonds Outstanding as of the first day of the immediately succeeding month (in the case of any Outstanding Bonds that constitute Variable Rate Indebtedness calculated on the basis of the actual interest rates borne by such Bonds through the date of such transfer and assuming such Bonds bear interest during any period after the date of such transfer at an annual rate equal to 110% of the interest rate borne by such Bonds on the date of such transfer)

SECOND (i) to the Principal Account the lesser of (A) one twelfth (1/12) of the amount of any principal of the Bonds Outstanding becoming due on the immediately succeeding September 1 and (B) the amount required to make the amount on deposit in the Principal Account equal to the principal amount if any due on the Bonds Outstanding on the immediately succeeding September 1 provided that transfers with respect to the principal of Bonds the first principal installment of which matures less than one year from the date of initial authentication and delivery of such Bonds shall commence in the first month after the delivery of such Bonds and prior to the immediately succeeding September 1 the amount provided in clause (A) above with respect to such Bonds shall be equal to the quotient obtained by dividing the amount of such first principal installment by the number of calendar months between the date of authentication and delivery of such Bonds and the immediately succeeding March 1 and

(ii) to the Sinking Fund Account the lesser of (A) one twelfth (1/12) of the amount of any Sinking Fund Installment for

the Bonds Outstanding becoming due on the immediately succeeding September 1 and (B) the amount required to make the amount credited to the Sinking Fund Account equal to the Sinking Fund Installment if any becoming due on the Bonds on the immediately succeeding September 1 provided that transfers with respect to Bonds the first payment of a Sinking Fund Installment for which is due less than one year from the date of initial authentication and delivery of such Bonds shall commence in the month after the delivery of such Bonds and prior to the immediately succeeding September 1 the amount provided in clause (A) above with respect to such Bonds shall be equal to the quotient obtained by dividing the amount of such first Sinking Fund Installment by the number of calendar months between the date of authentication and delivery of such Bonds and the immediately succeeding September 1 and

THIRD to the Debt Service Reserve Fund beginning in the month immediately succeeding any month in which the Service receives notice of any deficiency in the Debt Service Reserve Fund pursuant to Section 4 07 one twelfth (1/12) of the amount of such deficiency until the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement

After making the payments required above the Trustee shall pay the balance remaining in the Revenue Fund in the last day of any month to the Service unless such amount constitutes the proceeds of Bonds or the investment earnings thereon in which case such amount shall be transferred to such funds and accounts as the Service upon the advice of Bond Counsel shall direct

(c) The Service shall pay over to the Trustee and the Trustee shall immediately deposit in the Insurance and Condemnation Award Fund upon receipt thereof (i) all proceeds received under any title insurance policy relative to all or any portion of the Project or any Additional Facilities (ii) the proceeds of all or any portion of the Project or any Additional Facilities taken in the exercise of the power of

eminent domain condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same or as a result of any agreement between the Service and any such public authority and (iii) any insurance proceeds payable in connection with the loss damage or destruction of all or any portion of the Project or any Additional Facilities

The Service shall pay over to the Trustee and the Trustee shall immediately deposit the proceeds of any use and occupancy insurance policy (A) to the Interest Account to the extent of the amount of such proceeds that represents interest accruing on the Bonds for the period covered by such payment and (B) to the Principal Account and the Sinking Fund Account to the extent of the amount of such proceeds that represents the amount if any, payable by the Service during the period covered by such payment in respect of the principal of or Sinking Fund Installment for the Bonds

(d) Moneys paid at any time by the Service to the Trustee for deposit in the Revenue Fund as the result of voluntary payments made by the Service in connection with the optional redemption of the Series 1993 Bonds pursuant to Section 5(a) or 5(c) thereof or the optional redemption of Additional Bonds as provided in any Supplemental Indenture shall be paid to the Redemption Fund immediately upon deposit thereof

Section 4 06 Debt Service Fund Application of Moneys On each interest payment date the Trustee shall pay or cause to be paid from the Interest Account the interest due on the Outstanding Bonds The Trustee also shall pay from the Interest Account any amounts required for the payment of accrued interest upon any purchase or redemption of Outstanding Term Bonds

On each September 1 the Trustee shall pay or cause to be paid from the Principal Account the principal amount due if any on the Outstanding Bonds upon presentation and surrender of the requisite Bonds

The Trustee shall take all reasonable action necessary and required by Article III to effect the timely redemption of Outstanding Term Bonds from the Sinking Fund Account in accordance with the Sinking Fund Installments as herein set forth Moneys in the Sinking Fund Account shall be applied to the purchase or redemption of Term Bonds as follows

(a) Subject to the provisions of paragraph (b) of this Section prior to each September 1 on which Outstanding Bonds are subject to redemption from any Sinking Fund Installment the Trustee shall call for redemption from moneys in the Sinking Fund Account such principal amount of Outstanding Term Bonds subject to redemption on such September 1 as at a price of the principal amount thereof (accrued interest on such Term Bonds being payable from the Interest Account) is equal to the Sinking Fund Installment due on such September 1, less the amount previously credited against such Sinking Fund Installment in accordance with paragraph (c) of this Section On such September 1, the Trustee shall pay or cause to be paid out of the Sinking Fund Account the principal amount of Term Bonds so called for redemption as provided in this paragraph upon the presentation and surrender of the requisite Bonds

(b) At the direction of the Service the Trustee shall endeavor to purchase Outstanding Term Bonds subject to redemption from the Sinking Fund Installment due on the immediately succeeding September 1 at the most advantageous price then obtainable with reasonable diligence The Trustee shall pay the interest accrued on such Term Bonds from the Interest Account and the purchase price from the Sinking Fund Account but no such purchase shall be made by the Trustee (i) within a period of 45 days immediately preceding any September 1 on which Term Bonds are subject to redemption from any Sinking Fund Installment or (ii) at a price including any brokerage and other charges greater than the principal amount thereof and accrued interest thereon The aggregate of the purchase prices of the Term Bonds of each Series so purchased in any year shall not exceed the amount deposited in the Sinking Fund Account on account of the Sinking Fund Installment for Term Bonds of such Series due on the immediately succeeding September 1, provided however that if in any year the amount credited against the Sinking Fund Installment for Term Bonds of any Series in accordance with paragraph (c) of this Section equals or exceeds the Sinking Fund Installment for such Term Bonds due on the immediately succeeding September 1, any excess amount on deposit in the Sinking Fund Account shall be applied by the Trustee to the purchase of any Term Bonds then Outstanding as shall be directed by the Service

(c) If (i) the Trustee purchases Term Bonds during any year as provided in paragraph (b) above (ii) the Service delivers to the Trustee for cancellation on or before the 45th day next preceding any September 1 Term Bonds subject to redemption from the Sinking Installment due on such September 1 (provided that the price paid by the Service to purchase any such Bonds including any brokerage and other charges shall

not exceed the principal amount of such Bonds and accrued interest thereon) or (iii) Term Bonds subject to redemption from the Sinking Fund Installment due on the immediately succeeding September 1 are otherwise redeemed during such year then an amount equal to 100% of the aggregate principal amount of any such Term Bonds so purchased and delivered to the Trustee for cancellation or redeemed (as the case may be) shall be credited against such Sinking Fund Installment

(d) If the aggregate principal amount of Term Bonds of any Series purchased or redeemed in any year is in excess of the Sinking Fund Installment due on such Term Bonds on the immediately succeeding September 1, the Trustee shall credit such excess against subsequent Sinking Fund Installments for such Term Bonds as directed by an Authorized Officer of the Service

(e) If the Service shall determine to provide for the payment of any Bonds as provided in Section 9 01 on the date on which such Bonds are deemed to be paid in accordance with such Section amounts on deposit in the Debt Service Fund for the payment of the principal or Redemption Price of or interest on such Bonds shall be paid to the escrow deposit agent for such Bonds upon the written direction of an Authorized Officer of the Service

Section 4 07 Debt Service Reserve Fund Application of Moneys, Deficiencies and Surpluses If on any interest payment date the amount in the Interest Account shall be less than the amount of interest then due on the Outstanding Bonds or if on any September 1 the amount credited to the Principal Account or the Sinking Fund Account shall be less than the amount of the principal or the Sinking Fund Installment then due on the Bonds the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund first to the Interest Account and second to the Principal Account and the Sinking Fund Account to the extent necessary to make good any deficiency

Interest earned and profits realized by reason of the investment of amounts on deposit in the Debt Service Reserve Fund shall be applied as provided in Section 4 11

For the purposes of this Indenture in the case of the Debt Service Reserve Fund

(i) a 'deficiency" shall mean that the value of the assets of the Debt Service Reserve Fund determined in accordance with Section 4 11 is less than the Debt Service Reserve Fund Requirement and

(ii) a "surplus" shall mean that the value of the assets of the Debt Service Reserve Fund determined in accordance with Section 4 11 is in excess of the Debt Service Reserve Fund Requirement provided however that interest earned and profits realized by reason of the investment of amounts on deposit in the Debt Service Reserve Fund and required to be transferred to the Debt Service Fund under Section 4 11 shall not create a surplus within the meaning of this Section even though such amounts shall not have been transferred from the Debt Service Reserve Fund as provided in Section 4 11

The Trustee shall determine the value of the assets of the Debt Service Reserve Fund in the manner provided by Section 4 11 as of the close of business (i) on September 1 and March 1 in each year during the period between the date of delivery of the Series 1993 Bonds and the Completion Date of the Project and between the date of delivery of any Series of Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds (ii) on September 1 in each year during any other period (iii) on the date of any withdrawal from the Debt Service Reserve Fund and on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in the Debt Service Reserve Fund (iv) on any date on which the Trustee obtains actual knowledge that any Debt Service Reserve Fund Credit Facility is no longer entitled to be credited against the Debt Service Reserve Fund Requirement and (v) on any other date which the Service shall direct

As promptly as practicable after making such determination the Trustee shall notify the Service of the result of such determination and of the amount of any deficiency or surplus determined to exist in the Debt Service Reserve Fund

The Trustee shall transfer the amount of any surplus that exists in the Debt Service Reserve Fund from time to time upon the direction of the Service as follows

FIRST to the Construction Fund during the period between the date of delivery of the Series 1993 Bonds and the Completion Date of the Project and unless the Supplemental Indenture authorizing the

issuance of any Additional Bonds shall otherwise provide during the period between the date of delivery of such Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds and

SECOND to the Redemption Fund

Section 4 08 Redemption Fund Application of Moneys (a) On any date on which a determination of the value of the assets of the Debt Service Reserve Fund discloses a deficiency therein the Trustee shall transfer to the Debt Service Reserve Fund from the Redemption Fund any amount on deposit in the Redemption Fund (other than moneys set aside to pay the Redemption Price of any Bonds theretofore called for redemption and moneys required for the purchase of Bonds theretofore contracted to be purchased) to the extent of such deficiency The Trustee shall notify the Service of such transfer and the amount thereof

(b) Subject to the provisions of paragraphs (a) (c) and (d) of this Section moneys in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the Service shall direct At the direction of the Service the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable with reasonable diligence but no such purchase shall be made by the Trustee (i) within the period of 45 days immediately preceding any interest payment date on which such Bonds are subject to call for redemption under the provisions of this Indenture or (ii) at a price including any brokerage or other charges greater than the sum of the Redemption Price of such Bonds on the next interest payment date on which such Bonds are subject to redemption and accrued interest to the date of purchase of such Bonds

(c) Notwithstanding the foregoing provisions of this Section to the extent provided in any Supplemental Indenture authorizing the issuance of any Series of Additional Bonds (i) moneys available for the redemption or purchase of Bonds on any date shall be allocated among all Series of Bonds in proportion (as nearly as practicable) to the aggregate principal amount of Bonds of each such Series subject to redemption from such amounts on such date and (ii) the Bonds of such Series of Additional Bonds to be purchased or redeemed on any date shall be selected in accordance with the provisions of such Supplemental Indenture

(d) Upon the direction of the Service the Trustee may set aside any amount on deposit in the Redemption Fund for the redemption of particular Bonds by the delivery of irrevocable written instructions to the Trustee directing the Trustee to set aside such amount for such purpose in which event all of the provisions of Sections 9 01 and 10 04 shall be applicable to such Bonds and the amounts set aside for the payment of such Bonds Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions

Section 4 09 Insurance and Condemnation Award Fund Application of Moneys (a) The Service may elect within six months of any loss damage destruction or taking of the Project or any Additional Facilities to apply the proceeds resulting therefrom on deposit in the Insurance and Condemnation Award Fund to the repair or replacement of the lost damaged destroyed or taken property if

(i) the Service delivers to the Trustee a certificate of an Authorized Officer of the Service in form and substance satisfactory to the Trustee setting forth the Authorized Officer s estimate of the cost of repairing or replacing the lost damaged destroyed or taken property to be repaired or replaced and the time required therefor and

(ii) the Service delivers to the Trustee a certificate of an Authorized Officer of the Service in form and substance satisfactory to the Trustee that (1) the amount of such proceeds together with any other moneys deposited or available for deposit in the Insurance and Condemnation Award Fund (which may include without limitation amounts available to be drawn under a letter of credit guaranty or other instrument in form and substance satisfactory to the Trustee delivered to the Trustee for the credit of the Insurance and Condemnation Award Fund) will be sufficient to pay the costs of repairing or replacing the lost damaged destroyed or taken property to be repaired or replaced (2) the Coverage Ratio for each of the two

Fiscal Years following restoration of the Project or any Additional Facilities (taking into account proceeds of insurance available to the Service for each Fiscal Year during the period of restoration) is projected to be at least 1 00 and (3) neither the Service nor the County is in default in the performance or observance of any of the covenants conditions agreements or provisions of the Service Agreement and the Service Agreement is in full force and effect

(b) The Service may elect within six months of any loss damage destruction or taking of the Project or any Additional Facilities to apply any proceeds resulting therefrom on deposit in the Insurance and Condemnation Award Fund to the redemption of Outstanding Bonds if

(i) the Service either delivers to the Trustee a certificate of an Authorized Officer of the Service in form and substance satisfactory to the Trustee to the effect that (after giving effect to the redemption of such Bonds) the Coverage Ratio for each Fiscal Year during the period covered by projections contained in such certificate which shall be a period of at least two full Fiscal Years or such longer period as shall be deemed advisable by the Service is projected to be at least 1 00 or

(ii) the Service shall pay to the Trustee for deposit in the Insurance and Condemnation Award Fund an amount of money that together with any other moneys held to the credit of the funds and accounts created by this Indenture shall be sufficient to provide for the redemption of all Outstanding Bonds in the manner provided by this Indenture

(c) The Service may elect to apply a portion of such proceeds to the repair or replacement of the lost damaged destroyed or taken property and to apply the remaining proceeds to the redemption of Outstanding Bonds so long as the Service shall satisfy the requirements of paragraph (a) above

(d) The Service shall elect to apply such proceeds in accordance with paragraph (a) (b) or (c) above within six months of such loss damage destruction or taking If the Service does not make such election or is not entitled to apply such proceeds in accordance with paragraph (a) (b) or (c)

above the Trustee shall employ an Independent Consultant at the expense of the Service within six months of such loss damage destruction or taking to submit a written report and recommendations as to the use of such proceeds that would result in the maximum feasible Coverage Ratio Such report shall include a financial projection for a period extending at least through the second full Fiscal Year after the date of completion of any repairs or replacements recommended by such Independent Consultant Such proceeds shall be applied in accordance with the recommendations of such Independent Consultant

(e) If any portion of the Project or any Additional Facilities shall be lost damaged or destroyed as a result of a casualty as to which insurance has not been maintained as required under the terms of this Indenture and if the amount of such loss damage or destruction is in excess of $100 000 multiplied by the Inflation Factor the Service shall elect promptly after such loss damage or destruction either to expend for repairs restoration or replacement of the property lost damaged or destroyed such sum as may be required therefor or to pay such sum to the Trustee provided however that if in any single Fiscal Year such loss damage or destruction is in an aggregate amount equal to or in excess of $200 000 multiplied by the Inflation Factor and the Service shall not have elected to repair or replace the lost damaged or destroyed property within six months of such loss damage or destruction then the Service shall either (i) deliver to the Trustee a certificate of an Authorized Officer of the Service in form and substance satisfactory to the Trustee to the effect that the Coverage Ratio for each Fiscal Year during the period covered by projections contained in such certificate which shall be a period of at least two full Fiscal Years or such longer period as shall be deemed advisable by the Service is projected to be at least 1 00 or (ii) forthwith pay to the Trustee for deposit in the Insurance and Condemnation Award Fund the amount that together with any other moneys in the funds and accounts established by this Indenture shall be sufficient to provide for the redemption of all Outstanding Bonds Notwithstanding any other provision of this paragraph the Service may elect within such six month period to repair or replace some of the lost damaged or destroyed property and to pay the remaining sum (and any additional moneys) to the Trustee to be applied to the redemption of Outstanding Bonds if the Service s certificate delivered to the Trustee pursuant to clause (i) above indicates that the Coverage Ratio for each Fiscal Year during the period extending through the second full Fiscal Year after the date of completion of such repairs or replacements is projected to be at least 1 00

(f) As used in this Section the terms "repair' and "replace" include (without limitation) the construction or acquisition of replacement or substitute property structures machinery equipment or other improvements having a fair market value (but not necessarily the same function) at least equal to the fair market value immediately prior to loss damage destruction or taking of the property lost damages destroyed or taken The election of the Service to repair or replace any lost damaged destroyed or taken property shall be made by a written certification of an Authorized Officer of the Service to the effect that the Service has entered into substantial binding commitments for such repair or replacement

(g) The Service shall adjust losses under property and business interruption insurance policies related to the Project or any Additional Facilities as promptly as practicable and with due regard to the interests of the Trustee and the holders of Bonds Any adjustment of any loss damage or destruction in an amount in excess of $20 000 under any policy of casualty insurance and any settlement or payment of indemnity in an amount in excess of $20 000 under any such policy shall be evidenced by an appropriate certificate filed with the Trustee signed by an Authorized Officer of the Service

(h) If any public authority or other entity in the exercise of its power of eminent domain or condemnation power or through the exercise of any right or obligation on the part of such entity or as a result of any agreement between the Service and such entity made in lieu of condemnation proceedings takes or damages the Project or any Additional Facilities or any part thereof the Service shall take prompt and appropriate measures to protect and enforce its rights and interests and those of the Trustee in connection with any condemnation proceeding Prompt written notice of any taking loss damage or destruction of any part of the Project or any Additional Facilities or of any official notice thereof or of the institution of any proceeding therefor by any public instrumentality body agency or officer shall be given to the Trustee

(i) If moneys on deposit in the Insurance and Condemnation Award Fund are to be used to pay the costs of repair or replacement of lost damaged destroyed or taken property, such moneys shall be disbursed by the Trustee from time to time to or at the direction of the Service in accordance with requisitions meeting the requirements of Section 4 03

If moneys on deposit in the Insurance and Condemnation Award Funds are to be applied to the redemption of Bonds such moneys shall be transferred by the Trustee to the Redemption Fund to be applied to the extraordinary redemption of Bonds on the earliest practicable redemption date

Section 4 10 Investment of Moneys, Application of Earnings on Debt Service Reserve Fund Subject to the provisions of Section 4 13 moneys in any of the funds and accounts established by this Indenture shall be invested by the Trustee as shall be directed by an Authorized Officer of the Service but only in Investment Obligations maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts Notwithstanding the foregoing (i) so long as no Insurance Default shall have occurred and be continuing moneys in the Interest Account which constitute capitalized interest or accrued interest on the Series 1993 Bonds shall be invested only in Government Obligations or with the consent of AMBAC Indemnity in any other Investment Obligations and (ii) moneys in the Debt Service Reserve Fund shall be invested only in Investment Obligations maturing or redeemable at the option of the holder not later than ten years following the date of their purchase

Subject to the provisions of Section 4 13 and the further provisions of this Section interest earned profits realized and losses suffered by reason of any investment of the funds and accounts created by this Indenture shall be credited or charged as the case may be to the fund or account for which such investment shall have been made provided however that during the period between the date of delivery of the Series 1993 Bonds and the Completion Date of the Project and unless the Supplemental Indenture authorizing the issuance of any Additional Bonds shall otherwise provide during the period between the date of delivery of any Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds the Trustee shall pay to the Construction Fund from the Interest Account an amount equal to the interest earned from the investment of money in the Interest Account which together with other money on deposit in the Interest Account is in excess of the amount required to pay interest on the Bonds on the next succeeding interest payment date

Interest earned profits realized and losses suffered by reason of any investment of the Debt Service Reserve Fund shall be calculated by the Trustee on each date on which the Trustee is required to determine the value of the assets of the Debt Service Reserve Fund in accordance with Section 4 07 If

the net investment result for the Debt Service Reserve Fund for any such period is a gain (by virtue of either interest earned or profits realized) the amount of such investment gain shall be credited to the Debt Service Reserve Fund to the extent that there exists a deficiency therein and the balance of such investment gain if any, shall be paid by the Trustee from time to time upon the direction of the Service as follows (i) to the Construction Fund during the period between the date of delivery of the Series 1993 Bonds and the Completion Date of the Project and unless the Supplemental Indenture authorizing the issuance of any Additional Bonds shall otherwise provide during the period between the date of delivery of any Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds and (ii) in any other case to the Debt Service Fund for deposit in such accounts as the Service shall direct

The Trustee may sell or redeem any obligations in which moneys shall have been invested as in this Section provided to the extent necessary to provide cash in the respective funds or accounts to make any payments required to be made therefrom or to facilitate the transfers of moneys between various funds and accounts as may be required or permitted from time to time pursuant to the provisions of this Indenture The proceeds from the sale of any investment shall be paid into the fund or account for which the sale thereof was made

In determining the value of the assets of the funds and accounts created by this Indenture (i) investments and accrued interest thereon shall be deemed a part thereof and (ii) investments shall be valued at amortized cost or current market value whichever is the lower or at the redemption price thereof if then redeemable at the option of the holder (in any case net of the cost of liquidating such investments)

In addition in determining the value of the assets of the Debt Service Reserve Fund there shall be credited to the Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee and throughout the period during which such Debt Service Reserve Fund Credit Facility is credited to the Debt Service Reserve Fund the unsecured long term indebtedness or the claims paying ability of the issuer of such Debt Service Reserve Fund Credit Facility or its parent holding company or other controlling entity is rated by each Rating Agency which maintains a rating on the Bonds secured thereby in

a rating category not lower than the rating category in which such Bonds are then rated (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder (A) at such times as the Trustee is required to transfer any amount (other than any surplus) from the Debt Service Reserve Fund in accordance with this Indenture and (B) immediately prior to the expiration date of such Debt Service Reserve Fund Credit Facility unless all Bonds secured thereby shall have been paid within the meaning of Article IX prior to such date or there shall have been deposited in the Debt Service Reserve Fund money or securities authorized for investment of the Debt Service Reserve Fund (including without limitation any substitute Debt Service Reserve Fund Credit Facility meeting the requirements of this paragraph) equal to the Debt Service Reserve Fund Requirement (iii) in connection with the delivery of such Debt Service Reserve Fund Credit Facility the Trustee shall have agreed to make the drawings permitted by clause (ii) above and (iv) if amounts realized under such Debt Service Reserve Fund Credit Facility are under any circumstances payable from the Revenues such amounts shall be payable in no fewer than 12 equal monthly installments

The Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by this Indenture shall be invested as set forth above or for any loss arising from any investment permitted herein The investments authorized by this Section shall at all times be subject to the provisions of applicable law as amended from time to time

Section 4 11 <u>Application of Moneys in Certain Funds for Retirement of Bonds</u> Notwithstanding any other provision of this Indenture if at any time the Service shall determine to provide for the payment of all Outstanding Bonds in accordance with Article IX, upon the written request of the Service the Trustee shall apply any moneys on deposit in the funds and accounts created by this Indenture available for the payment of the principal or Redemption Price of and interest on the Bonds to the payment or redemption of such Bonds in the manner provided by Article IX

Section 4 12 <u>Bonds Not to Be Arbitrage Bonds, Rebate Fund</u> The Director and the Deputy Director of the Service shall be the officials of the Service responsible for issuing the Bonds (the "Section 148 Certifying Officials") The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax Exempt Bonds) a certificate of the Service (each such certificate as it may be amended and supplemented from time to time in accordance with this Section being referred to herein as a "Tax and

Section 148 Certificate") that complies with the requirements of Section 148 of the Code or any successor to such Section in effect on the date of issuance of any Tax Exempt Bonds ("Section 148")

The Service shall set forth in such Tax and Section 148 Certificate its reasonable expectations as to relevant facts estimates and circumstances relating to the use of the proceeds of such Tax Exempt Bonds or of any moneys securities or other obligations that may be deemed to be proceeds of such Tax Exempt Bonds within the meaning of Section 148 (collectively "Bond Proceeds")

The Service covenants that (i) the facts estimates and circumstances set forth in each Tax and Section 148 Certificate will be based on the Service s reasonable expectations on the date of delivery of such certificate and will be to the best of the Section 148 Certifying Officials knowledge true correct and complete as of that date and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth correctness and completeness

The Service further covenants that it will not make or (to the extent it exercises control or direction) permit the County to make any use of the Bond Proceeds that would cause any Tax Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148

The Service further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds To the extent that provisions of Section 148 apply only to a portion of any Tax Exempt Bonds it is intended that the covenants of the Service contained in this Section be construed so as to require the Service to comply with Section 148 only to the extent of such applicability

The Service further covenants that it will comply with all covenants contained in each Tax and Section 148 Certificate with respect to any Tax Exempt Bonds which are continuing covenants of the Service provided however that such compliance will not be required upon delivery to the Trustee of an opinion of Bond Counsel to the effect that such non compliance will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Tax Exempt Bonds theretofore issued

The Service shall (i) hold and invest Bond Proceeds within its control (if such proceeds are invested) (ii) direct the Trustee to transfer amounts on deposit in any fund or account created by this Indenture to the Rebate Fund and (iii) deposit funds with the Trustee for deposit to the Rebate Fund or otherwise make funds available for the payment of rebates to the United States of America all in accordance with the expectations of the Service set forth in the Tax and Section 148 Certificate

The Service shall make timely payment but only from the Revenues of any rebate amount (or installment thereof) required to be paid to the United States of America in order to preserve the excludability from gross income for federal income tax purposes of interest paid on the Tax Exempt Bonds and shall include with any such payment such other documents certificates or statements as shall be required to be included therewith under then applicable law and regulations

Upon receipt of written notice from an Authorized Officer of the Service directing the transfer of amounts on deposit in any fund or account created by this Indenture to the Rebate Fund the Trustee shall make the transfer referred to therein any other provision of this Indenture to the contrary notwithstanding Amounts on deposit in the Rebate Fund from time to time required to be rebated to the United States of America pursuant to Section 148 shall be made available by the Trustee to the Service for the payment of such rebates upon the written direction of an Authorized Officer of the Service and shall not be pledged to the payment of the principal or Redemption Price of or interest on any Bonds

Notwithstanding any provision of this Indenture to the contrary the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code including without limitation the calculation of amounts required to be paid to the United States under the provisions of such Section 148 of the Code the maximum amount which may be invested in "nonpurpose obligations' as defined in the Code and except as required by Section 4 07 the fair market value of any investments made hereunder and the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Trustee as provided herein pursuant to the written instructions of the Service

Upon receipt of written notice from an Authorized Officer of the Service directing the transfer of amounts on deposit in the Rebate Fund to any fund or account created by

this Indenture the Trustee shall make the transfer referred to therein provided however that the amount transferred shall not exceed the excess of the amount on deposit in the Rebate Fund over the rebate liability as of the date of calculation by the Service less amounts theretofore paid to the United States as rebate with respect to the Bonds

The Section 148 Certifying Officials may execute an amendment or supplement to any Tax and Section 148 Certificate upon delivery to the Trustee of an opinion of Bond Counsel to the effect that actions taken by the Service in accordance with such amendment or supplement will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Tax Exempt Bonds theretofore issued

Neither the Service nor the Trustee shall incur any liability in connection with any action as contemplated herein so long as the Service and the Trustee act in good faith

As used in this Section "rebate" means the required rebate payable to the United States of America and any penalty in lieu of rebate pursuant to Section 148(f) of the Code

Section 4 13 The Municipal Bond Insurance Policy, Concerning AMBAC Indemnity So long as no Insurance Default shall have occurred and be continuing the Service and the Trustee agree to comply with the following provisions

(a) If the Trustee shall determine on any date that there will be insufficient amounts in the Debt Service Fund and the Debt Service Reserve Fund to pay the principal of or the interest due on the Series 1993 Bonds on the immediately succeeding March 1 or September 1 or if the Trustee shall have notice that any payment of the principal of or the interest on a Series 1993 Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Service has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final nonappealable order of a court having competent jurisdiction the Trustee shall so notify AMBAC Indemnity Such notice shall specify the amount of the anticipated deficiency or the amount of such recovery (as the case may be) the Series 1993 Bonds to which such deficiency is applicable or with respect to which such recovery has been made (as the case may be) and whether such Bonds will be deficient or such recovery has been made (as the case may be) as to principal or interest or both In the case of any deficiency in the payment of the principal of or the interest on any Series 1993 Bonds due on any March 1 or September 1 in which the Trustee shall have given notice of

such deficiency in accordance with this paragraph no later than the last Business Day which is at least five days prior to such March 1 or September 1 AMBAC Indemnity shall make payments of principal or interest due on the Series 1993 Bonds on such March 1 or September 1 in any other case AMBAC Indemnity will make payments of principal or interest due on the Series 1993 Bonds on or before the fifth day next following the date on which AMBAC Indemnity shall have received such notice of nonpayment or recovery (as the case may be) from the Trustee in accordance with this paragraph

(b) The Trustee shall after giving notice to AMBAC Indemnity as provided in paragraph (a) above make available to AMBAC Indemnity and at AMBAC Indemnity s direction to the Insurance Trustee the registration books of the Service maintained by the Trustee and all records relating to the funds and accounts maintained under this Indenture

(c) The Trustee shall provide AMBAC Indemnity and the Insurance Trustee with a list of the Holders of Series 1993 Bonds entitled to receive payments of interest thereon or principal thereof from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Holders of Series 1993 Bonds entitled to receive full or partial interest payments from AMBAC Indemnity and (ii) to pay principal of Series 1993 Bonds upon presentation and surrender thereof to the Insurance Trustee by the Holders of Series 1993 Bonds entitled to receive full or partial principal payments from AMBAC Indemnity

(d) The Trustee shall at the time it provides notice to AMBAC Indemnity pursuant to paragraph (a) above notify Holders of Series 1993 Bonds entitled to receive payments of interest thereon or principal thereof from AMBAC Indemnity (i) as to the fact of such entitlement (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due on the Series 1993 Bonds held by them upon proof of Bondholder entitlement to such interest payments and delivery to the Insurance Trustee in form satisfactory to the Insurance Trustee of an appropriate assignment of the Bondholder s right to such payment (iii) that should they be entitled to receive full payment of the principal of the Series 1993 Bonds held by them from AMBAC Indemnity they must surrender their Series 1993 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1993 Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee and not the Trustee and (iv) that should they be entitled to receive

partial payment of the principal of the Series 1993 Bonds held by them from AMBAC Indemnity they must surrender their Series 1993 Bonds for payment thereon first to the Trustee which shall note on such Series 1993 Bonds the portion of the principal thereof paid by the Trustee and then along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to the Insurance Trustee which will then pay the unpaid portion of the principal of such Series 1993 Bonds

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Series 1993 Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Service has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final nonappealable order of a court having competent jurisdiction the Trustee shall at the time AMBAC Indemnity is notified pursuant to paragraph (a) above notify all Holders of Series 1993 Bonds that in the event that any Bondholder s payment is so recovered such Bondholder shall be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available and the Trustee shall furnish to AMBAC Indemnity its records evidencing the payments of principal of and interest on the Series 1993 Bonds which have been made by the Trustee and subsequently recovered from Bondholders and the dates on which such payments were made

(f) So long as all of the Series 1993 Bonds are maintained in book entry form the Insurance Trustee shall disburse principal and interest to a Holder of the Series 1993 Bonds only upon evidence satisfactory to the Insurance Trustee and AMBAC Indemnity that the ownership interest of such Bondholder in the right to payment of such principal and interest has been effectively transferred to AMBAC Indemnity on the books maintained for such purpose AMBAC Indemnity shall be fully subrogated to all of such Bondholders rights to payments to the extent of insurance disbursements so made

(g) In addition to those rights granted AMBAC Indemnity under this Indenture AMBAC Indemnity shall to the extent it makes payment of principal of or interest on Series 1993 Bonds become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest the Trustee shall note AMBAC Indemnity s rights as subrogee on the registration books of the Service maintained by the Trustee

upon receipt from AMBAC Indemnity of proof of the payment of interest thereon to the Holder of the Series 1993 Bonds entitled thereto and (ii) in the case of subrogation as to claims for past due principal the Trustee shall note AMBAC Indemnity s rights as subrogee by the Trustee upon surrender of the Series 1993 Bonds by the Holders thereof together with proof of the payment of principal thereof

ARTICLE V

PARTICULAR COVENANTS

Section 5 01 Payment of Principal and Interest The Service shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond on the date at the place and in the manner provided herein and in the Bonds according to the true intent and meaning thereof provided however that the Bonds are limited obligations of the Service the principal or Redemption Price of and interest on which are payable solely from the Revenues

The Bonds shall not be payable from the general funds of the Service and shall not constitute a legal or equitable pledge of or lien or encumbrance upon any of the assets or property of the Service or upon any of its income receipts or revenues except as provided in this Indenture The Bonds do not constitute a debt or liability of the State of Maryland of any political subdivision thereof (including the County) or of the Service Neither the State of Maryland nor any political subdivision thereof (including the County) nor the Service shall be obligated to pay the principal or Redemption Price of or interest on or the purchase price of the Bonds except from the Revenues Neither the faith and credit nor the taxing power of the State of Maryland of any political subdivision thereof (including the County) or of the Service is pledged to the payment of the Bonds The issuance of the Bonds is not directly or indirectly or contingently an obligation moral or other of the State of Maryland of any political subdivision thereof (including the County) or of the Service to levy any tax or make any appropriation for their payment The Service has no taxing power

Section 5 02 Performance of Covenants, Undertakings and Agreements, Representations as to Authorization and Validity of Bonds The Service shall faithfully perform at all times all of its covenants undertakings and agreements contained in the Service Agreement and any Bond executed authenticated and delivered under this Indenture or in any proceedings of the Service pertaining thereto The Service shall take all legally available action to cause the County to perform fully all duties and acts and comply fully with the covenants of the County contained in the Service Agreement

The Service represents and covenants that (i) it is duly authorized under the Constitution and laws of the State of Maryland particularly the Act to issue the Bonds and to enter into the Service Agreement and to pledge the Trust Estate in

the manner and to the extent set forth in this Indenture (ii) all action on its part for the issuance of the Series 1993 Bonds has been duly and effectively taken and (iii) the Series 1993 Bonds are and will be valid and binding limited obligations of the Service according to their terms

Section 5 03 Liens, Encumbrances and Charges, AMBAC Indemnity Inspection Rights The Service shall not create and shall not suffer to remain any lien encumbrance or charge upon its interest in the Revenues except for the pledge created for the security of the Bonds and to the extent provided herein any Additional Bonds and Subordinate Obligations and Permitted Encumbrances The Service will cause to be discharged or will make adequate provisions to satisfy and discharge within 60 days after the same shall accrue all lawful claims and demands that if unpaid might by law become a lien upon its interest in the Revenues provided however that nothing contained in this Section shall require the Service to pay or cause to be discharged or make provision for any such lien encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings Except for Subordinate Obligations so long as any Bonds or Additional Bonds shall be Outstanding the Service shall not issue any bonds notes or other evidences of indebtedness other than the Bonds, secured by any pledge of or other lien or charge on the Revenues under this Indenture The Service shall not create or cause to be created any lien or charge on the Revenues other than the lien on and pledge of the Revenues authorized by this Indenture to secure the Bonds Additional Bonds and any Subordinate Obligations Anything in this Section to the contrary notwithstanding the Service may dispose of Revenues at any time unless it is in default under this Indenture

AMBAC Indemnity shall have the right to visit or inspect the Landfill at any reasonable time upon giving the Service reasonable notice Any such visits shall be conducted in a manner so as to cause minimum interference with solid waste disposal operations In connection with such visits and inspections AMBAC Indemnity shall comply with all reasonable rules and regulations adopted by the Service Such rules and regulations may include the requirements set forth in Section 2 7 of the Service Agreement

Section 5 04 Accounts and Audits The Service shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Bonds the Project any Additional Facilities and the funds and accounts created by this Indenture which books and accounts (at reasonable hours and subject to the reasonable rules and

regulations of the Service) shall be subject to the inspection of the Trustee AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing) or any Bondholder or representative of such Bondholder duly authorized in writing The Service shall cause such books and accounts to be audited annually within 120 days after the end of its fiscal year by a nationally recognized independent certified public accountant selected by the Service Annually within 30 days after the receipt by the Service of the report of such audit a signed copy of such report shall be furnished to the Trustee Such report shall include at least (i) a statement of all funds and accounts (including investments thereof) held by the Trustee and the Service pursuant to the provisions of this Indenture (ii) a statement of the Revenues collected by the Service and the Trustee during such fiscal year and (iii) a statement as to whether the balance in the Debt Service Reserve Fund meets the requirements of this Indenture A copy of such report shall also be furnished by the Service to each of the Rating Agencies and to AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing)

Section 5 05 Amendment of the Project and Additional Facilities The Service shall not consent to any amendment of the Project or any Additional Facilities which shall (i) increase the cost of the Project or such Additional Facilities to an amount in excess of the amount of moneys available or reasonably expected to become available for the payment of such costs or (ii) decrease the scope of the Project or such Additional Facilities so that the Project or such Additional Facilities as decreased in scope would cease to be an economically feasible or functional facility

Nothing contained in this Section shall be construed to prohibit the Service from exercising its judgment and discretion in reducing the scope of the Project or any Additional Facilities in the event that (i) unforeseen circumstances would result in inadequate money to complete the Project or such Additional Facilities and (ii) such inadequacy could not reasonably be remedied by the issuance of Bonds or otherwise

Section 5 06 Filing of Financing Statements The Service covenants that in order further to evidence the grant and perfection of the interest of the Trustee in the Trust Estate to the extent possible by such filing appropriate financing statements naming the Trustee as assignee of the Trust Estate will be executed by the Service at the direction of the Trustee and delivered to the Trustee for filing in the appropriate State and city or county offices as required by the

Maryland Uniform Commercial Code The Trustee will file such necessary continuation statements from time to time as may be required pursuant to the provisions of the Maryland Uniform Commercial Code to protect the interests of the Trustee and the Bondholders in the Trust Estate

Section 5 07 Rate Covenant (a) The Service shall fix charge and collect the Service Fee in each Fiscal Year which together with other Landfill Revenues for such Fiscal Year shall be at least equal to Total Costs for such Fiscal Year

(b) If the Service Fee together with other Landfill Revenues imposed and collected by the Service shall be less than the amount required under paragraph (a) of this Section in any Fiscal Year the Service shall immediately employ an Independent Consultant to submit a written report and recommendations with respect to such Tipping Fees and Landfill Revenues and with respect to improvements or changes in the operations of or the services rendered by Service under the Service Agreement The Service shall require any Independent Consultant employed hereunder to file its report and recommendations within 150 days from the end of any such Fiscal Year with the Service and the Trustee

(c) Any Independent Consultant retained by the Service pursuant to this Section may recommend with respect to the Service Fee or other charges imposed and collected by the Service and with respect to improvements or changes in the operations of or the services rendered by the Service under the Service Agreement that the Service either (A) make no change or (B) make some change even though such recommendation is not calculated to result in compliance with the requirements of paragraph (a) of this Section if the Independent Consultant includes in its written report and recommendations a statement to the effect that compliance with such recommendations should result in compliance with such requirements to the maximum extent feasible

(d) To the extent permitted by Applicable Law the Service promptly shall revise its Service Fee and other charges in conformity with any recommendation of the Independent Consultant retained by the Service pursuant to this Section and shall otherwise follow the recommendations of such Independent Consultant If the Service shall revise such Service Fee and other charges in conformity with the recommendations of the Independent Consultant and otherwise follow the recommendations of the Independent Consultant then the failure of the Service to meet the requirements of paragraph (a) of this Section for such Fiscal Year shall not constitute an Event of Default under this Indenture

(e) Nothing set forth in this Section shall be construed to excuse the Service from the payment in timely manner of all amounts due under this Indenture or the performance of any other obligation of the Service under this Indenture

Section 5 08 Insurance (a) The Service shall maintain or cause to be maintained insurance of the types and in the amounts ordinarily and customarily maintained on facilities such as the Project

^(b) The Service may satisfy the requirements of paragraph (a) of this Section by establishing and maintaining a self insurance plan protecting the Service against the risks required to be insured against by paragraph (a) of this Section or may participate in any such self insurance plan established and maintained by the State of Maryland ^

ARTICLE VI

CONCERNING THE TRUSTEE

Section 6 01 Appointment of the Trustee, Registrar, Acceptance of Trustee Signet Trust Company, Baltimore, Maryland, a trust company duly organized and existing under the laws of the Commonwealth of Virginia, is hereby appointed Trustee for the Bonds Except as otherwise provided in any Supplemental Indenture authorizing the issuance of Additional Bonds with respect to such Bonds the Trustee shall also be the Registrar and the paying agent for the Bonds The Trustee shall signify its acceptance by written notice delivered to the Service and upon delivery of such notice shall be deemed to have accepted the trusts and the duties of Trustee under this Indenture The Trustee s acceptance of the trusts and the duties of Trustee also shall constitute acceptance of the trusts and the duties of Registrar and the paying agent for the Bonds

Section 6 02 Trustee Entitled to Indemnity The Trustee shall be under no obligation to institute any suit or to undertake any proceeding under this Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder until it shall be indemnified to its satisfaction against any and all costs and expenses outlays and counsel fees and other reasonable disbursements and against all liability except as a consequence of its own negligence or default Nevertheless the Trustee may begin suit or appear in and defend suit or do anything else in its judgment proper to be done by it as the Trustee without indemnity and in such case the Service shall reimburse the Trustee from the Revenues for all costs and expenses outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith If the Service shall fail to make such reimbursement the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder

Section 6 03 Responsibilities of the Trustee The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the Service and the Trustee assumes no responsibility for the correctness of the same The Trustee makes no representations as to the validity or sufficiency of this Indenture or with respect to the security afforded by this Indenture and the Trustee shall incur no liability with respect thereto Except as otherwise expressly provided in this Indenture the Trustee shall have no responsibility or

duty with respect to (i) the issuance of the Bonds for value (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee or (iii) the application of any moneys paid to the Service or others in accordance with this Indenture except as to the application of any moneys paid to it in its capacity as Trustee

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture except for its own negligence or default

Section 6 04 Property Held in Trust All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture

Section 6 05 Trustee Protected in Relying on Certain Documents The Trustee may rely upon any resolution order notice request consent waiver certificate statement affidavit requisition bond or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or upon the written opinion of any counsel architect engineer insurance consultant management consultant or accountant believed by the Trustee to be qualified in relation to the subject matter and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument The Trustee may consult with counsel who may or may not be Bond Counsel or counsel to the Service and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture such matter may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the

Service unless other evidence in respect thereof be hereby specifically prescribed Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable Except as otherwise expressly provided herein any request order notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Service to the Trustee shall be sufficiently executed if executed in the name of the Service by an Authorized Officer of the Service

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture or otherwise to the giving to any person of notice of the provisions hereof

Section 6 06 Compensation Unless otherwise provided by contract with the Trustee the Service shall pay to the Trustee from the Revenues from time to time reasonable compensation for all services rendered by it hereunder including its services as Registrar together with all its reasonable expenses charges and other disbursements and those of its counsel agents and employees incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding The Service from the Revenues shall indemnify and save the Trustee harmless against any expenses and liabilities that the Trustee may incur in the exercise and performance of its powers and duties hereunder that are not due to its negligence or default If the Service shall fail to make any payment required by this Section the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder

Section 6 07 Permitted Acts The Trustee and its directors officers employees or agents may become the owner of or may in good faith buy sell own hold and deal in Bonds or Subordinate Obligations and may join in any action that any holder of Bonds or Subordinate Obligations may be entitled to take as fully and with the same rights as if it were not the Trustee The Trustee may act as depository and permit any of its officers or directors to act as a member of or in any other capacity with respect to the Service or any committee formed to protect the rights of holders of Bonds or Subordinate Obligations or to effect or aid in any reorganization growing out of the enforcement of the Bonds any Subordinate Obligation

or this Indenture whether or not such committee shall represent the holders of a majority of the Bonds or Subordinate Obligations

Section 6 08 Resignation of the Trustee The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days written notice specifying the date when such resignation shall take effect to the Service AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing) and each Holder of any outstanding Bonds or Subordinate Obligations Such resignation shall take effect upon the date specified in such notice or prior thereto in the event a successor shall have been previously appointed by the Service or the holders of Bonds as provided in Section 6 10 in which event such resignation shall take effect immediately on the appointment of such successor and the acceptance of such appointment by such successor

Section 6 09 Removal of Trustee So long as the Series 1993 Bonds shall be the only Bonds Outstanding and there shall not have occurred and be continuing an Insurance Default the Trustee may be removed at the written direction of AMBAC Indemnity duly authorized and delivered to the Service At any other time the Trustee may be removed by the holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such holders or by their attorneys in fact duly authorized and delivered to the Service Facsimile copies of each such instrument shall be delivered by the Service to the Trustee and any successor thereof The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of or for failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Service or of the holders of not less than ten percent of the Bonds

Section 6 10 Successor Trustee If the Trustee shall resign be removed be dissolved or become incapable of acting or shall be adjudged a bankrupt or insolvent or if a receiver liquidator or conservator of the Trustee or of its property shall be appointed or if any public officer shall take charge or control of the Trustee or of its property or affairs the position of the Trustee hereunder shall thereupon become vacant

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason a successor Trustee may be appointed within one year after any

such vacancy shall have occurred (i) so long as the Series 1993 Bonds shall be the only Bonds Outstanding and no Insurance Default shall have occurred and be continuing by AMBAC Indemnity by a written direction delivered to the predecessor Trustee and the Service and (ii) at any other time by the holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such holders or their attorneys in fact duly authorized and delivered to such successor Trustee with notification thereof being given to the predecessor Trustee and the Service

Until such successor Trustee shall have been appointed by the holders of Bonds the Service shall forthwith appoint a Trustee to act hereunder Copies of any instrument of the Service providing for any such appointment shall be delivered by the Service to the Trustee so appointed and the predecessor Trustee The Service shall mail notice of any such appointment to each Holder of any outstanding Bonds or Subordinate Obligations within 30 days after such appointment Any appointment of a successor Trustee made by the Service immediately and without further act shall be superseded and revoked by an appointment subsequently made by the holders of Bonds

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any written notice of resignation in accordance with Section 6 08 or after the occurrence of any other event requiring or authorizing such appointment the Trustee or any holder of Bonds may or Subordinate Obligations apply to any court of competent jurisdiction for the appointment of such a successor and the court may thereupon after such notice if any as the court may deem proper appoint such successor

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus aggregating at least $75 000 000 if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms (ii) authorized by law to perform all the duties of the Trustee required by this Indenture and (iii) approved in writing by AMBAC Indemnity

Notwithstanding any other provision of this Indenture no removal resignation or termination of the Trustee shall take effect until a successor Trustee acceptable to AMBAC Indemnity has been appointed

Section 6 11 Transfer of Rights and Property to Successor Trustee Any successor Trustee appointed under the provisions of Section 6 10 shall execute acknowledge and deliver to its predecessor and the Service an instrument in writing accepting such appointment and thereupon such successor without any further act deed or conveyance shall become fully vested with all moneys estates properties rights immunities powers duties obligations and trusts of its predecessor hereunder with like effect as if originally appointed as Trustee However the Trustee then ceasing to act shall nevertheless on request of the Service or of such successor execute acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights immunities powers and trusts of such Trustee and all the right title and interest of such Trustee in and to the Trust Estate and shall pay over assign and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth Should any deed conveyance or instrument in writing from the Service be required by such successor for more fully and certainly vesting in and confirming to it any such moneys estates properties rights powers duties or obligations any and all such deeds conveyances and instruments in writing on request and so far as may be authorized by law shall be executed acknowledged and delivered by the Service

Section 6 12 Merger, Conversion or Consolidation of Trustee Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder without any further act deed or conveyance provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 6 10

Section 6 13 Trustee to File Continuation Statements The Trustee shall file such continuation statements as may be required by the Maryland Uniform Commercial Code as from time to time in effect (the "UCC") in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time place and manner required by the UCC

Section 6 14 Municipal Bond Insurance Policy Notwithstanding any other provision of this Indenture in determining whether the rights of the Holders of the Series 1993 Bonds will be adversely affected by any action taken pursuant to this Indenture the Trustee shall consider the effect of such action on the rights of the Holders of the Series 1993 Bonds as if there were no Municipal Bond Insurance Policy in effect

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7 01 Events of Default Each of the following events is hereby declared to constitute an event of default hereunder (an "Event of Default")

(a) payment of the principal of any Bond shall not be made when the same shall become due and payable either at maturity or by proceedings for redemption or otherwise or payment of the purchase price of any Bond required by its terms to be purchased from the Holder thereof by the Service on any date prior to its stated maturity shall not be made in accordance with the terms thereof on such date or

(b) payment of interest on any Bond shall not be made when the same shall become due and payable or

(c) an order or decree shall be entered with the consent or acquiescence of the Service appointing a receiver or receivers of the Revenues or such order or decree having been entered without the consent or acquiescence of the Service shall not have been vacated or discharged or stayed on appeal within 60 days after the entry thereof or

(d) any proceeding shall be instituted with the consent or acquiescence of the Service for the purpose of effecting a composition between the Service and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted if the claims of such creditors are under any circumstances payable from the Trust Estate or

(e) the Service shall default in the due and punctual performance of any of the covenants conditions agreements and provisions contained in any Bond or in this Indenture on the part of the Service to be performed which default except for those defaults described in paragraph (a) through (d) inclusive shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Service by the Trustee which may give such notice in its discretion and shall give such notice at the written request of not less than 25% of the Bondholders

A default under this Indenture with respect to the Bonds shall not be or constitute a default under any other indenture entered into by the Service or with respect to any

other Indebtedness of the Service and no default under any other indenture entered into by the Service or with respect to any other Indebtedness of the Service shall be or constitute a default under this Indenture

Section 7 02 Acceleration of Maturity Upon the happening and continuance of any Event of Default specified in Section 7 01 then and in every such case the Trustee may and upon the written request of not less than 25% of the Bondholders shall by a notice in writing to the Service declare the principal of all of the Outstanding Bonds to be due and payable The Trustee also shall declare the principal of all Outstanding Bonds to be due and payable upon the written direction of the Service following the occurrence of any Event of Default under the Service Agreement Notwithstanding the foregoing the Trustee may not declare the principal amount of the Series 1993 Bonds to be due and payable without the prior written consent of AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing), and the Trustee may not declare the principal of any Series of Bonds other than the Series 1993 Bonds to be due and payable without the prior written consent of any person whose consent shall be required for such declaration under the terms of the Supplemental Indenture authorizing the issuance of such Bonds

Upon the occurrence of any Event of Default specified in Section 7 01 so long as no Insurance Default shall have occurred and be continuing AMBAC Indemnity may direct the Trustee to declare the aggregate principal amount of the Series 1993 Bonds to be due and payable if AMBAC Indemnity irrevocably deposits with the Trustee or the Insurance Trustee an amount that together with any other funds available to the Trustee or the Insurance Trustee to pay the Series 1993 Bonds shall be sufficient to pay all amounts due on the Series 1993 Bonds on the date to which such payments are accelerated

Upon the giving of notice of such declaration such principal shall become and be immediately due and payable anything in the Bonds or in this Indenture to the contrary notwithstanding At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedy under this Indenture the Trustee may (but in the event that such declaration has been made upon the request of the Bondholders only with the written consent of not less than 25% of the Bondholders) by written notice to the Service annul such declaration and its consequences if (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all

arrears of interest if any upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date) and the principal of all matured Bonds (except the principal of any Bonds due only as a result of such declaration) (ii) sufficient moneys shall have accumulated and be available to pay the charges compensation expenses disbursements advances and liabilities of the Trustee and (iii) every other default in the observance or performance of any covenant condition or agreement contained in the Bonds in this Indenture or in the Service Agreement of which the Trustee has actual knowledge shall have been remedied to the satisfaction of the Trustee No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon For purposes of declaring and annulling any default under this Indenture the Trustee shall be deemed to have knowledge of any failure by the Service to make any payments of the principal of either at maturity or by proceedings for redemption or otherwise or interest on the Bonds when the same shall become due and payable

Section 7 03 Enforcement Upon the happening and continuance of any Event of Default then and in every such case the Trustee may proceed and upon the written request of not less than 10% of the holders of Bonds shall proceed to protect and enforce its rights and the rights of the holders of Bonds under the laws of the State of Maryland and under this Indenture and any Credit Facility (including any Debt Service Reserve Fund Credit Facility) by such suits actions or special proceedings in equity or at law either for the specific performance of any covenant contained herein or therein or in aid or execution of any power herein or therein granted or for an accounting against the Service as if the Service were the trustee of an express trust or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights

In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for enforce payment of and receive any and all amounts then or during any default becoming and at any time remaining due from the Service for principal of or interest on the Bonds or otherwise under any of the provisions of this Indenture or of any Bond with interest on overdue payments of principal at the rate or rates of interest specified in the Bonds together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds without prejudice to any other right or remedy of the Trustee or of the holders of Bonds and to recover and enforce judgment or decree against the Service but solely as provided herein and in the Bonds and

from the sources and moneys provided herein and in the Bonds for any portion of such amounts remaining unpaid and to collect in any manner provided by law the moneys adjudged or decreed to be payable

Section 7 04 Priority of Payments following Default If at any time there shall have occurred and be continuing an Event of Default after payment of all amounts owing to the Trustee under this Indenture amounts held by the Trustee hereunder together with any moneys thereafter becoming available for such purpose whether through exercise of the remedies provided in this Article or otherwise shall be applied as follows

(a) unless the principal of all Outstanding Bonds shall have become or shall have been declared due and payable all such moneys shall be applied

FIRST to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding in the order in which such installments became due and payable and if the amount available shall not be sufficient to pay in full any particular installment then to the payment of such installment ratably according to the amounts due on such installment to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds

SECOND to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable in the order of their due dates with interest upon the principal amount of such Bonds from the respective dates upon which they shall have become due and payable and if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date together with such interest then first to the payment of such interest ratably according to the amount of interest due on such date and then to the payment of such principal ratably according to the amount of principal due on such date to the

persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds and

THIRD to the payment of the interest on and the principal of the Bonds Outstanding as the same become due and payable and

(b) if the principal of all Outstanding Bonds shall have become due by their terms or the principal of all Outstanding Bonds subject to acceleration shall have become due and payable by a declaration of acceleration all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond ratably according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section such moneys shall be applied by the Trustee at such times and from time to time as the Trustee may determine having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future The setting aside of such moneys in trust for the benefit of all holders of Bonds shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Service to any holder of any Bond or Subordinate Obligation or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence having due regard to the circumstances and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an interest payment date for the Bonds unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue The Trustee shall give such notice as it may deem appropriate of the fixing of any such date provided however that the provisions of this paragraph shall be subject in all respects to the provisions of the Bonds

with respect to the payment of defaulted interest on the Bonds The Trustee shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement

Section 7 05 Discontinuance of Proceedings In case any proceedings taken by the Trustee or the holders of any Bonds on account of any default with respect to the Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such holders then and in every such case the Service the Trustee and the holders of such Bonds shall be restored to their former positions and rights hereunder respectively and all rights remedies powers and duties of the Trustee shall continue as though no such proceeding had been taken

Section 7 06 Majority of the Holders May Control Proceedings Anything in this Indenture to the contrary notwithstanding the holders of a majority of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to holders of Bonds not parties to such direction

Section 7 07 Restrictions upon Action by Individual Holders No holder of any Bond shall have any right to institute any suit action or proceeding in equity or at law on any Bond for the execution of any trust hereunder or for any other remedy hereunder unless (i) such holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit action or proceeding is to be instituted and (ii) the holders of not less than 10% of the Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action as the case may be shall have accrued and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action suit or proceeding in its or their name and (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time Such notification request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the

execution of the powers and trusts of this Indenture or to any other remedy hereunder provided however that notwithstanding the foregoing provisions of this Section and without complying therewith the holders of not less than 10% of the Bonds may institute any such suit action or proceeding in their own names for the benefit of all holders of Bonds

It is understood and intended that except as otherwise provided above no one or more holders of Bonds shall have any right in any manner whatever by his or her or their action to affect disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted had and maintained in the manner herein provided and for the benefit of all holders of Bonds and that any individual right of action or other right given by law to one or more of such holders is restricted by this Indenture to the rights and remedies herein provided

Section 7 08 Actions by Trustee All rights of action under this Indenture or under any Bond may be enforced by the Trustee without the possession of any of such Bond or the production thereof at the trial or other proceeding relative thereto and any such suit action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all holders of Bonds all subject to the provisions of this Indenture

Section 7 09 No Remedy Exclusive No remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds is intended to be exclusive of any other remedy or remedies and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute

Section 7 10 No Delay or Omission Construed as a Waiver, Waiver of Default No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power accruing upon any default shall impair any such right or power nor shall any such delay or omission be construed to be a waiver of any such default or an acquiescence therein Every power and remedy given by this Article to the Trustee and the holders of Bonds respectively may be exercised from time to time and as often as may be deemed expedient

The Trustee may and upon written request of the holders of not less than 10% of the Bonds shall waive any default with respect to Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit action or proceeding instituted by it under the

provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon

Section 7 11 Notice of Default The Trustee shall mail to all holders of Bonds and Subordinate Obligations written notice of the occurrence of any Event of Default of which the Trustee shall have knowledge within 30 days after such Event of Default shall have occurred and be known to it If in any period from September 2 to the subsequent September 1 the total amount of deposits to the credit of the Debt Service Fund shall be less than the amount required to have been so deposited under the provisions of this Indenture the Trustee on or before the 30th day of the immediately succeeding September 1 shall mail to all holders of Bonds and Subordinate Obligations a written notice of the failure to make such deposits The Trustee shall not be subject to any liability to any Bondholder or holder of Subordinate Obligations by reason of its failure to mail any notice required by this Section

Any provision of this Indenture to the contrary notwithstanding the Trustee shall not be obligated to provide holders of Bonds and Subordinate Obligations written notice of any Event of Default except for Events of Default specified in Section 7 01(a) and (b) if the Trustee shall have determined in its discretion that the provision of notice of such Event of Default is not in the best interests of the holders of Bonds

The Authority and the Trustee shall notify AMBAC Indemnity within five Business Days after the corporate trust department of the Trustee has received notice or has actual knowledge of (i) an Event of Default specified in Section 7 01 (ii) the withdrawal of amounts on deposit in the Debt Service Reserve Fund other than investment earnings on amounts on deposit therein or any surplus as defined in Section 4 07 or (iii) the failure to receive any amount required to be deposited to the Debt Service Fund to pay principal of or interest on the Series 1993 Bonds when due

ARTICLE VIII

MODIFICATION OR AMENDMENT OF INDENTURE AND SERVICE AGREEMENT

Section 8 01 Modification or Amendment Without Consent Without notice to or the consent of the holders of the Bonds the Service and the Trustee may enter into at any time or from time to time a Supplemental Indenture supplementing modifying or amending this Indenture or any Supplemental Indenture for one or more of the following purposes

(a) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights remedies powers authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders

(b) to add to the covenants and agreements of the Service contained in this Indenture other covenants and agreements thereafter to be observed relative to the acquisition construction equipping operation maintenance development or administration of the Project or relative to the application custody use or disposition of the proceeds of Bonds or Subordinate Obligations so long as no such covenant or agreement shall prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such covenant or agreement shall become effective

(c) to surrender to the Trustee any right power or privilege reserved to or conferred upon the Service by this Indenture

(d) to confirm as further assurance any pledge under and the subjection to any lien on or claim or pledge of (whether created or to be created by this Indenture) the Trust Estate

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in this Indenture or to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not contrary to or inconsistent with this In enture

(f) to provide for the terms of Additional Bonds including (without limitation) any modifications or amendments required to grant to or otherwise secure for the holders of

such Additional Bonds a parity interest in the security granted to the holders of the Series 1993 Bonds and any other then Outstanding Bonds in accordance with Section 2 06 of this Indenture or to authorize or approve the issuance of Subordinate Obligations in accordance with Section 2 11

(g) to permit the qualification of this Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and in connection therewith to add to this Indenture or any Supplemental Indenture such other terms conditions and provisions as may be permitted or required by such federal statute or state blue sky law

(h) to obtain or to maintain any ratings on Bonds from any nationally recognized securities rating agency so long as no provision of any such Supplemental Indenture shall prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such Supplemental Indenture shall become effective (which determination shall be made without regard to the existence of the Municipal Bond Insurance Policy)

(i) to make any other change in this Indenture including (without limitation) any change necessary in connection with the issuance of any Subordinate Obligation which the Trustee determines shall not prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such change shall become effective (which determination shall be made without regard to the existence of the Municipal Bond Insurance Policy)

(j) to provide for the issuance of any Bonds in coupon form or in book entry form provided however that prior to the effective date of any such amendment there shall be delivered to the Service and the Trustee an opinion of Bond Counsel to the effect that the issuance of any such Bonds in coupon or book entry form (as the case may be) will not adversely affect the excludability from gross income for federal income tax purposes of the interest paid on any Tax Exempt Bonds theretofore issued or

(k) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax Exempt Bonds theretofore issued

So long as no Insurance Default shall have occurred the Trustee shall <u>not amend any provision of this Indenture affecting the rights of AMBAC Indemnity without its prior</u>

written consent and shall deliver a copy of each Supplemental Indenture entered into pursuant to this Section to AMBAC Indemnity

Section 8 02 Supplemental Indentures Requiring Consent of Holders of Bonds and AMBAC Indemnity In addition to Supplemental Indentures permitted by Section 8 01 with the prior written consent of the holders of a majority of the Bonds and AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing) the Service and the Trustee may enter into at any time and from time to time Supplemental Indentures amending or supplementing this Indenture any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the Service from any of the obligations covenants agreements limitations conditions or restrictions therein contained provided however that nothing contained herein shall permit (i) a change in any terms of redemption or purchase of any Bond the due date for the payment of the principal of or interest on any Bond or any reduction in the principal Redemption Price or purchase price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) except as expressly permitted hereby the creation of a claim or lien upon or a pledge of the Trust Estate ranking prior to or on a parity with the claim lien and pledge created by this Indenture a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of this Indenture without the unanimous consent of the holders of all Outstanding Bonds

Section 8 03 Notation on Bonds Bonds authenticated and delivered after the effective date of any Supplemental Indenture entered into by the Service may and if the Trustee or the Service so determines shall bear a notation by endorsement or otherwise in form approved by the Service and the Trustee of such action If the Service or the Trustee shall so determine new Bonds modified as necessary in the opinion of the Trustee and the Service to conform to such Supplemental Indenture shall be prepared authenticated and delivered and upon demand of the Holder of any Outstanding Bond and surrender of such Bond to the Trustee such Bond shall be exchanged without cost to such Holder for a new Bond so modified

Section 8 04 Amendment of Service Agreement (a) Without notice to or the consent of the Bondholders the Service may at any time and from time to time enter into any amendment change or modification of the Service Agreement that is (i) required or permitted by the provisions of the Service Agreement or (ii) required to cure any ambiguity or formal

defect or omission therein or (iii) required or permitted pursuant to the provisions of Section 2 05 of this Indenture in connection with the issuance of any Additional Bonds or (iv) not prejudicial in any material respect to the rights of the holders of the Bonds in the judgment of the Service and the Trustee

(b) Except as provided in paragraph (a) of this Section the Service shall not enter into any amendment change or modification of the Service Agreement without the prior written consent of the Trustee AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing) and the Holders of a majority of the Bonds Outstanding at the effective date of such amendment change or modification

ARTICLE IX

DEFEASANCE

Section 9 01 Defeasance (a) If the Service shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds and Subordinate Obligations at the times and in the manner stipulated therein in this Indenture and in any Supplemental Indenture authorizing or approving the issuance of any Additional Bonds or Subordinate Obligations then the pledge of the Trust Estate to the Trustee for the benefit of the Bondholders and the holders of Subordinate Obligations and all other rights granted hereby to the Trustee the Bondholders or the holders of Subordinate Obligations shall be discharged and satisfied In such event upon the request of the Service the Trustee shall execute and deliver to the Service all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay or deliver to the Service or to such officer board or body as may then be entitled by law to receive the same all property held by it pursuant to this Indenture (other than any moneys and securities required for the payment or redemption of Bonds or Subordinate Obligations not theretofore surrendered for such payment or redemption)

(b) A Bond shall be deemed to have been paid within the meaning of and with the effect expressed in this Section if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the Service of moneys for such payment or redemption or otherwise regardless of the source of such moneys) whether at or prior to the maturity or the redemption date of such Bond or (ii) if the maturity or redemption date of such Bond shall not have arrived provision shall have been made by the Service for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations the principal of and the interest on which when due will provide for such payment and the Service shall have made provision satisfactory to the Trustee for one publication in an Authorized Baltimore Newspaper and in an Authorized New York Newspaper of a notice that such moneys are so available for such payment provided however that if such Bond is to be redeemed prior to the maturity thereof the Service shall have irrevocably taken all action necessary to redeem such Bond and notice of such redemption shall have been duly and irrevocably given or provisions satisfactory to the Trustee shall have been irrevocably made for the giving of such notice

(c) Notwithstanding the foregoing provisions of this Section in the event that the principal of or interest on any Series 1993 Bond shall be paid by AMBAC Indemnity pursuant to the terms of the Municipal Bond Insurance Policy such Series 1993 Bond shall not be deemed to be paid within the meaning of and with the effect expressed in this Section and shall continue to be Outstanding hereunder and AMBAC Indemnity shall be fully subrogated to all of the rights of the Holder thereof in accordance with the terms and conditions of Section 4 14 and the Municipal Bond Insurance Policy In such event the pledge of the Revenues made hereby and all covenants agreements and other obligations of the Service under this Indenture shall continue to exist and this Indenture shall not be deemed to have been discharged until AMBAC Indemnity shall be repaid in full

(d) Anything in this Indenture to the contrary notwithstanding at the written request of the Service any moneys held by the Trustee in trust for the payment of any of the Bonds or Subordinate Obligations that remain unclaimed for five years after the later of the date at which such Bonds or Subordinate Obligations became due and payable and the date of deposit of such moneys shall be repaid by the Trustee to the Service or to such officer board or body as may then be entitled by law to receive such moneys as its absolute property and free from trust and the Trustee shall thereupon be released and discharged with respect thereto provided however that before being required to make any such payment to the Service the Trustee may at the expense of the Service cause to be published in an Authorized Baltimore Newspaper and an Authorized New York Newspaper a notice that such moneys remain unclaimed and that after a date named in such notice which date shall be not fewer than 40 nor more than 90 days after the date of publication of such notice the balance of such moneys shall be returned to the Service

(e) An Additional Bond or Subordinate Obligation shall be deemed to have been paid within the meaning of and with the effect expressed in this Section if it is deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing the issuance thereof

ARTICLE X

MISCELLANEOUS

Section 10 01 Further Assurances So far as it may be authorized by law the Service shall pass make do execute acknowledge and deliver all and every such further resolutions acts deeds conveyances assignments transfers and assurances as may be necessary or desirable for the better assuring conveying granting assigning and confirming all and singular the rights and Revenues and other property hereby pledged or assigned or intended so to be or which the Service may hereafter become bound to pledge or assign

Section 10 02 Consent of Holders, Evidence of Signatures of Holders and Ownership of Bonds Any request direction consent or other instrument which this Indenture may require or permit to be signed and executed by the holders of the Bonds may be in one or more instruments of similar tenor and shall be signed or executed by such holders in person by their attorneys duly appointed in writing or by their legal representatives Except as otherwise expressly provided herein proof of the execution of any such instrument or of an instrument appointing any such attorney or the holding by any person of such Bond shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Service with regard to any action taken by either under such instrument if made in the following manner but the Trustee may nevertheless in its discretion require further or other proof in any case in which it deems such further or other proof desirable

(a) the fact and date of the execution by any Bondholder or Bondholder s attorney or legal representative of such instrument may be proved by the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such officer purports to act that the person signing such instrument acknowledged to such officer the execution thereof or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer and the authority of any person executing any such instrument on behalf of a corporate holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary its cashier or an assistant cashier and

(b) the ownership of Bonds and the amount numbers and other identification and date of holding the same shall be proved by the registration books established with respect to such Bonds as the case may be

So long as no Insurance Default shall have occurred and be continuing AMBAC Indemnity shall be deemed the Holder of all Outstanding Series 1993 Bonds for the purposes of making any request or giving or withholding any consent vote or direction permitted or required to be made or given by any Holder of a Series 1993 Bond under this Indenture

Notwithstanding the foregoing the Supplemental Indenture authorizing the issuance of any Series of Additional Bonds secured by a Credit Facility may provide that the issuer of such Credit Facility shall be deemed the holder of all Outstanding Bonds of such Series for the purposes of making any request or giving or withholding any consent vote or direction permitted or required to be made or given by any holder of such Bonds under this Indenture or such Supplemental Indenture

Any request direction consent or vote of the owner of any Bond given in accordance with this Indenture or any Supplemental Indenture shall bind all future owners of such Bond with respect to anything done or suffered to be done or omitted to be done by the Service or the Trustee in accordance therewith

Section 10 03 Preservation by Trustee and Inspection of Documents All documents received by the Trustee from the Service the holders of Bonds or otherwise under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Service AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing) any holder of Bonds any holder of Subordinate Obligations and their agents and representatives any of whom may make copies thereof

Section 10 04 Moneys and Funds Held for Particular Bonds Amounts held by the Trustee for the payment of the principal or Redemption Price of and interest on Bonds or Subordinate Obligations due on any date shall pending such payment be set aside and held in trust by it for the holders of such Bonds or Subordinate Obligations (as the case may be) and for the purposes of this Indenture such principal or Redemption Price of and interest on such Bonds or Subordinate Obligations due after such date shall no longer be considered to be unpaid

Section 10 05 No Recourse on Bonds No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or any Subordinate Obligations or for any claims based thereon or on this Indenture against any member or other officer of the Service all such liability if any being expressly waived and released by every Holder of Bonds and Subordinate Obligations by the acceptance of such Bonds and Subordinate Obligations

Section 10 06 Service Protected in Acting in Good Faith In the exercise of the powers of the Service and its members officers employees and agents under this Indenture and the Service Agreement including (without limitation) the application of moneys and the investment of funds the Service and its members officers employees and agents shall not be accountable to the Trustee or any holder of any Bond or Subordinate Obligation for any action taken or omitted by it or its members officers employees and agents in good faith and believed in good faith by it or them to be authorized or within the discretion or rights or powers conferred hereby or by the Service Agreement

No recourse shall be had by the Trustee or any holder of any Bond or Subordinate Obligation for any claims based on this Indenture or the Service Agreement or on any Bond Subordinate Obligation Credit Facility or Credit Facility Agreement against any member officer employee or agent of the Service alleging personal liability on the part of such person unless such claims are based upon the bad faith fraud or deceit of such person

Section 10 07 Severability of Invalid Provision If any covenant or agreement provided in this Indenture on the part of the Service or the Trustee to be performed should be contrary to law then such covenant or agreement shall be null and void and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds or any Subordinate Obligations

Section 10 08 Notices (a) Any notice or other instrument required to be given to the Service pursuant to this Indenture shall be in writing and shall be sent by registered or certified mail to it at its office in the City of Annapolis Maryland or such other address as it shall designate to the Trustee in writing, any notice or other instrument required to be given to the Trustee pursuant to this Indenture shall be in writing and shall be sent by registered or certified mail to it at the principal corporate trust office of the Trustee and any notice or other instrument required to be given to AMBAC Indemnity pursuant to this Indenture shall be in writing and

shall be sent by registered or certified mail to AMBAC Indemnity at its principal office Any notice that is required to be given to the Trustee or to the Holders of the Series 1993 Bonds pursuant to this Indenture shall also be given to AMBAC Indemnity (so long as no Insurance Default shall have occurred and be continuing)

(b) In case by reason of the suspension of publication of any Authorized Baltimore Newspaper or any Authorized New York Newspaper or by reason of any other cause it shall be impossible to make publication of any notice in an Authorized Baltimore Newspaper and an Authorized New York Newspaper as required by this Indenture then the Trustee shall mail or deliver such notice to all holders of Bonds and such mailing or delivery shall constitute a sufficient publication of such notice

Section 10 09 Other Bond Indentures Subject to the provisions of Section 5 03 the Service expressly reserves the right to enter into one or more other bond indentures and general bond indentures and to issue bonds notes and other obligations thereunder without compliance with the provisions hereof

Section 10 10 Business Days Except as otherwise expressly provided herein if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date

Section 10 11 Parties Interested Herein Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to any person or entity other than the Service the Trustee AMBAC Indemnity and the Bondholders any right remedy or claim under or by reason of this Indenture or any covenant condition or stipulation hereof and all covenants stipulations promises and agreements in this Indenture contained by and on behalf of the Service shall be for the sole and exclusive benefit of the Service the Trustee AMBAC Indemnity and the Bondholders

Section 10 12 Execution in Several Counterparts This Indenture may be executed in any number of counterparts each of which shall be deemed to be an original for all purposes and all such counterparts shall together constitute but one and the same instrument

Section 10 13 Governing Law This Indenture shall be governed by and construed in accordance with the laws of the State of Maryland

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed sealed and delivered all as of the day and year first above written

(SEAL) MARYLAND ENVIRONMENTAL SERVICE

ATTEST By _____
George G Perdikakis
Director

_____
Annette Anselmi
Deputy Director

(SEAL) SIGNET TRUST COMPANY

ATTEST By _____
Diane E. TenHoopen
Vice President

_____
Rita M. Greeson
Corporate Trust Officer

STATE OF MARYLAND CITY OF BALTIMORE TO WIT

I HEREBY CERTIFY that on this ___ day of June in the year 1993 before the subscriber a Notary Public in and for the State of Maryland personally appeared George G Perdikakis the Director of the Maryland Environmental Service and that he as such officer being authorized so to do executed the aforegoing Indenture of Trust for the purposes therein contained by signing his name thereto as Director of the Maryland Environmental Service and causing the corporate seal of the Maryland Environmental Service to be affixed thereto and attested by the Deputy Director of the Maryland Environmental Service

IN WITNESS WHEREOF I have hereunto set my hand and official seal

(SEAL)

_____
Notary Public

My Commission Expires

STATE OF MARYLAND CITY OF BALTIMORE TO WIT

I HEREBY CERTIFY that on this ____ day of June in the year 1993 before the subscriber a Notary Public in and for the State of Maryland personally appeared Diane E TenHoopen a Vice President of Signet Trust Company a trust company duly organized and existing under the laws of the Commonwealth of Virginia and that she as such officer being authorized so to do executed the aforegoing Indenture of Trust for the purposes therein contained by signing her name thereto as such Vice President of Signet Trust Company and causing the corporate seal of Signet Trust Company to be affixed thereto and attested by a duly authorized corporate trust officer

IN WITNESS WHEREOF I have hereunto set my hand and official seal

(SEAL)

_____
Notary Public

My Commission Expires

APPENDIX A to
Indenture of Trust

DEFINITIONS

"Act" means the Maryland Environmental Service Act being codified as Sections 3 101 through 3 129 inclusive of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume and 1992 Cumulative Supplement) and all future acts supplemental thereto or amendatory thereof

"Additional Bonds' means any bond note or other Indebtedness of the Service issued pursuant to Section 2 05 of the Indenture

"Additional Facilities" means any project undertaken by the Service that is financed or refinanced pursuant to the Act and the Indenture by the issuance of Additional Bonds that is required in order to restore maintain improve or increase the disposal capacity of the Project or otherwise to permit the Service to meet its waste disposal obligations under the Service Agreement including (with limitation) the completion of the acquisition and construction of the Landfill and the acquisition or construction of Disposal Sites Additional Facilities may include (without limitation) land easements rights of way leaseholds and other interests in real property and any improvement addition or betterment to or any construction replacement remodeling or equipping of any such project

"Agency Obligations" means direct obligations (including bonds notes or participation certificates) of or obligations the timely payment of the principal of premium if any and the interest on which are unconditionally guaranteed by any of the following agencies or instrumentalities of the United States of America the Farmers Home Administration the General Services Administration the United States Maritime Administration the Small Business Administration the Government National Mortgage Administration the United States Department of Housing and Urban Development the Federal Housing Administration and the Export Import Bank

"AMBAC Indemnity" means AMBAC Indemnity Corporation a Wisconsin domiciled stock insurance company

"Disposal Sites" has the meaning specified in the Service Agreement

"Applicable Law" means any law regulation requirement or order of any federal state or local agency court or other governmental body applicable from time to time to the acquisition design construction equipping financing ownership possession or operation of the Project or the performance of any obligations under the Service Agreement or any other agreement entered into in connection therewith

"Authorized Baltimore Newspaper" means a daily newspaper printed in the English language and having a general circulation in the City of Baltimore Maryland

"Authorized New York Newspaper" means a daily newspaper printed in the English language and having a general circulation in the Borough of Manhattan City and State of New York or a financial journal printed in the English language and having a general circulation in the Borough of Manhattan City and State of New York

"Authorized Officer of the Service" means the Director or the Deputy Director of the Service and a person who by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Service by its Director and its Secretary is designated on behalf of the Service to perform any act including (without limitation) the execution of any Indebtedness certificates deeds leases mortgages agreements or other documents or instruments

"Balloon Long Term Indebtedness" means Long Term Indebtedness 25% or more of the principal amount of which matures in the same 12 month period which portion of such principal amount is not required by the documents governing such Long Term Indebtedness to be amortized by redemption prior to such period

"Bond" or "Bonds" means the Series 1993 Bonds and any Additional Bonds collectively

"Bond Counsel" means the law firm of Piper & Marbury Baltimore Maryland subject to further action by the Service

"Bondholder" means the registered owner of a Bond

"Business Day" means a day other than a Saturday Sunday or legal holiday in the State of Maryland or the State of New York observed as such by the Service the Trustee or any Credit Facility Provider or any of them

"Code" means the Internal Revenue Code of 1986 as amended from time to time or any successor federal income tax statute or code and the applicable regulations thereunder

"Completion Date" means when used with respect to the Project or any Additional Facilities the date on which the Authorized Officer of the Service files the certificates required by Section 4 04 of the Indenture with the Trustee certifying the completion or acquisition of each and every portion of the Project or such Additional Facilities

"Consumer Price Index" means the Consumer Price Index for the Baltimore Maryland Standard Metropolitan Statistical Area All Items for Urban Wage Earners and Clerical Workers seasonally adjusted published by the United States Department of Labor or if such index is no longer published or its method of computation is substantially modified an index approved by the Service

"Cost" as applied to the Project and any Additional Facilities includes the cost of construction or acquisition including the purchase price of any existing project or the cost of acquiring all right title or interest in the Project or any Additional Facilities and the amount to be paid to discharge all obligations necessary to vest title to the Project or any Additional Facilities or any part of it or them in the Service or the owner the cost of any reconstruction extension enlargement alteration repair or improvement the cost of all lands properties rights easements interests franchises and permits acquired the cost of all labor machinery and equipment financing charges interest prior to and during construction and for such period after completion of construction as the Service deems appropriate the cost of revenue estimates engineering and legal services plans designs specifications surveys investigations demonstrations studies estimates of cost other expenses necessary or incident to determining the feasibility or practicability of any such acquisition improvement or construction administrative expenses and other expenses necessary or incidental to the financing herein authorized and to the acquisition operation maintenance improvement construction of the Project or any Additional Facilities and the placing of the Project or any Additional Facilities in operation including reasonable provision for working capital reserves for principal and interest and for extensions enlargements additions and improvements Any obligation or expense incurred prior to the issuance of bonds or notes under the provisions of this title in connection with the foregoing items of cost may be regarded as a part of such costs

"County" means County Commissioners of Garrett County a body politic and corporate and political subdivision of the State

'Coverage Ratio" means when used with respect to any particular Fiscal Year the quotient obtained by dividing (i) the aggregate of the Net Income Available for Debt Service for such Fiscal Year by (ii) the Debt Service Requirements on all Outstanding Long Term Indebtedness as of the last day of such Fiscal Year provided however that in any calculation of the actual or projected Coverage Ratio for any Fiscal Year that occurs prior to the first Fiscal Year in which the principal of or any Sinking Fund Installment with respect to any Long Term Indebtedness issued to finance Additional Facilities becomes due and payable or any interest on such Long Term Indebtedness ceases to be paid from amounts irrevocably deposited in escrow for the payment of interest on such Long Term Indebtedness such Long Term Indebtedness shall not be taken into account in calculating Debt Service Requirements

"Credit Facility" means any Liquidity Facility letter of credit bond insurance policy bond purchase agreement guaranty line of credit surety bond or similar credit or liquidity facility securing any Bond or other Indebtedness of the Service

"Credit Facility Agreement" means the agreement if any pursuant to which any Credit Facility is issued

"Credit Facility Provider" means the issuer of any Credit Facility then in effect

"Debt Service Requirements" means when used with respect to any Long Term Indebtedness for any Fiscal Year or year (as the case may be) as of any particular date of calculation the amount required to pay the sum of (a) the interest on such Long Term Indebtedness payable during the period from the second day of such Fiscal Year or year (as the case may be) through the first day of the immediately succeeding Fiscal Year or year (as the case may be) and (b) the principal of the Sinking Fund Installment for and any other amount required to effect any mandatory redemption of such Long Term Indebtedness if any during the period from the second day of such Fiscal Year or year (as the case may be) through the first day of the immediately succeeding Fiscal Year or year (as the case may be) less any amount of such interest or principal for the payment of which moneys or Investment Obligations the principal of and interest on which when due will provide for such payment are irrevocably held in trust

including (without limitation) any accrued interest and capitalized interest on deposit in the Interest Account For the purpose of calculating the Debt Service Requirements

(i) with respect to any Variable Rate Indebtedness

(A) for the purpose of calculating the Debt Service Reserve Fund Requirement the amount required to be deposited in any debt service reserve fund for any Bond and the principal amount of Balloon Long Term Indebtedness constituting Variable Rate Indebtedness payable in any Fiscal Year or year described in clause (ii)(D) below such Indebtedness shall be deemed to bear interest at the fixed rate that it would have borne had it been issued at a fixed rate for the term thereof as evidenced by a certificate of an Authorized Officer of the Service and a certificate of an investment banking firm or financial advisor knowledgeable in financial matters relating to the Service and the Project who may be without limitation the financial advisor to the Service confirming such interest rate assumption as reasonable and

(B) for all other purposes of the Indenture such Variable Rate Indebtedness shall be deemed to bear interest at an annual rate equal to 110% of (1) in the case of any period during which such Indebtedness shall have been outstanding the weighted average interest rate per annum borne by such Indebtedness during such period and (2) in any other case the higher of (a) the weighted average interest rate per annum borne by such Indebtedness during the 12 month period ending on the date of calculation (or in the case of any Variable Rate Indebtedness to be issued or issued during the immediately preceding 12 month period the weighted average interest rate per annum borne by other outstanding Indebtedness having comparable terms and issued by or secured by agreements issued by entities of comparable creditworthiness as the obligors with respect to such Variable Rate Indebtedness during the immediately preceding 12 month period as evidenced by a certificate of an investment banking firm or a financial advisor knowledgeable in financial matters relating to the Service and the Project who may be without limitation the financial advisor to the Service) and (b) the interest rate per annum borne by such Indebtedness on the date of calculation

(ii) with respect to any Balloon Long Term Indebtedness

(A) unless such Indebtedness meets the requirements of clause (B) (C) or (D) below the principal amount of such Indebtedness shall be deemed to be payable

during the Fiscal Year or year in which such principal amount becomes due except as provided in clause (E) below

(B) if a Liquidity Facility is then in effect with respect to such Indebtedness the principal amount of such Indebtedness payable in each Fiscal Year or year as of any date of calculation may be deemed to be the amount that would be payable during such Fiscal Year or year (as the case may be) if such Liquidity Facility was used or drawn upon to purchase or retire such Indebtedness on the stated maturity date thereof or on any date established for the mandatory redemption thereof less the aggregate amount required to be on deposit in any irrevocable sinking fund established to provide for the payment of such Indebtedness in accordance with clause (C) below during such Fiscal Year or year (as the case may be)

(C) if (1) pursuant to an indenture entered into by the Service an irrevocable sinking fund shall have been established to provide for the payment of such Indebtedness when due (2) deposits to such sinking fund are current and timely and (3) verification of such timely deposits is contained in the most recent audited financial statements of the Service or a letter to the Service from an Independent Public Accountant then the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) may be deemed to be the amount required to be deposited in such sinking fund for such Fiscal Year or year (as the case may be)

(D) In the case of any Balloon Long Term Indebtedness in an aggregate principal amount that does not exceed 20% of the Revenues for the most recent Fiscal Year the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) may be deemed to be the amount that would have been payable during such Fiscal Year or year (as the case may be) if such Indebtedness were required to be amortized in full from the date of its issuance or in the case of any such Indebtedness issued to finance or refinance the Project or any Additional Facilities a date on or before the completion of the Project or other any Additional Facilities in substantially equal annual installments of principal (such principal to be rounded to the nearest $5 000) and interest over a term equal to the shorter of (1) 20 years and (2) 100% of the weighted average economic life of the facilities financed or refinanced thereby as evidenced by a certificate of an Independent Public Accountant provided however that if any principal amount of such Indebtedness is stated to mature or is unconditionally subject to mandatory redemption within the 12 month period immediately succeeding

the date of calculation then such principal amount shall be deemed to be payable on the stated maturity date thereof or on the date established for the mandatory redemption thereof and

(E) for purposes of calculating the Debt Service Reserve Fund Requirement and the amount required to be deposited in any debt service reserve fund for any Bond the principal amount of such Indebtedness payable in each Fiscal Year or year shall be determined in accordance with clause (D) above without regard to the aggregate principal amount of such Indebtedness outstanding from time to time

(iii) with respect to any Optional Tender Indebtedness

(A) unless such Indebtedness meets the requirements of clause (B) below the principal amount of such Indebtedness payable in each Fiscal Year or year as of any date of calculation shall be deemed to be the principal amount of such Indebtedness that could be payable by the Service during such Fiscal Year or year (as the case may be) in connection with any demand for the purchase or redemption of such Indebtedness by any holder thereof or any termination of any Credit Facility securing such Indebtedness except as provided in clause (C) below

(B) if a Liquidity Facility is then in effect with respect to such Indebtedness the principal amount of such Indebtedness payable in each Fiscal Year or year as of any date of calculation may be deemed to be the amount that would be payable during such Fiscal Year or year (as the case may be) if such Liquidity Facility were used or drawn upon to purchase or retire such Indebtedness on the earliest date on which such Indebtedness may be required to be purchased or redeemed at the option of the holder thereof or in connection with any expiration of any Credit Facility securing such Indebtedness except as provided in clause (C) below and

(C) for purposes of calculating the Debt Service Reserve Fund Requirement and the amount required to be deposited in any debt service reserve fund for any Bond the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) shall be determined in accordance with clause (ii)(D) above without regard to the aggregate principal amount of such Indebtedness outstanding from time to time and

(iv) with respect to any Credit Facility Agreement except as provided in clauses (ii)(B) and (iii)(B) above so long as no demand for payment under the Credit Facility issued

under such Credit Facility Agreement shall have been made the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation

"Debt Service Reserve Fund Credit Facility" means any Credit Facility which is rated in the highest rating category of each Rating Agency held to the credit of the Debt Service Reserve Fund

"Debt Service Reserve Fund Requirement" means as of any particular date of computation an amount equal to the lesser of (i) Maximum Annual Debt Service on the Bonds and (ii) 10 percent of the proceeds of the Bonds

"Due for Payment' means when used with respect to any date in connection with the payment of the principal of any Series 1993 Bonds the stated maturity date of such Series 1993 Bonds or any date on which the principal of such Series 1993 Bonds is due to be paid by the application of a required Sinking Fund Installment for such Series 1993 Bonds and when used with respect to any date in connection with the payment of the interest on any Series 1993 Bonds any date on which the interest on such Series 1993 Bonds is payable in accordance therewith

"Event of Default" means any event of default specified in Section 7 01 of the Indenture

"Fiscal Year" means the period of 12 consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year or such other fiscal year as the Service shall establish as its fiscal year

"Government Obligations" means direct obligations of the United States of America

"Holder" or "holder" or any similar term (i) when used with reference to a Bond means a Bondholder and (ii) when used with reference to any Subordinate Obligation the owner of such Subordinate Obligation determined in accordance with the Supplemental Resolution authorizing or approving the issuance thereof

"Indebtedness" means any indebtedness or liability for borrowed money any installment sale obligation or any obligation under any lease that is capitalized under generally accepted accounting principles

"Indenture" means the Indenture of Trust between the Service and the Trustee dated as of June 1 1993 as amended

modified or supplemented from time to time by Supplemental Indentures

"Independent Consultant" means an independent consulting firm having a favorable national reputation for skill and experience with respect to the design construction and operation of solid waste disposal facilities or the determination of the economic feasibility of such facilities appointed in accordance with this Indenture

"Independent Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of any state who have regularly engaged in the practice of law as their primary occupation for at least five years and who are not officers or full time employees of the Service or the Trustee Bond Counsel to the Service may be deemed Independent Counsel

"Independent Public Accountant" means an individual partnership or corporation engaged in the accounting profession either entitled to practice or having members or officers entitled to practice as a certified public accountant under the laws of the State of Maryland and in fact independent employed by the Service from time to time to pass upon those matters required by the Indenture to be passed upon by an Independent Public Accountant

'Inflation Factor" means a fraction the numerator of which is the Consumer Price Index most recently published prior to June 30 of the preceding Fiscal Year and the denominator of which is the Consumer Price Index most recently published prior to June 30 1993

"Insurance Default" means with respect to the Series 1993 Bonds and the Municipal Bond Insurance Policy (a) the failure of AMBAC Indemnity to honor a demand for payment under the Municipal Bond Insurance Policy in accordance with its terms (b) the contesting by AMBAC Indemnity of the valid and binding nature of he Municipal Bond Insurance Policy or (c) the commencement of any insolvency proceeding against AMBAC Indemnity in a court having jurisdiction or the filing by or against AMBAC Indemnity of a petition or other pleading seeking an "order for relief" within the meaning of the United States Bankruptcy Code provided, however, that the commencement of any such proceeding or the filing of any such petition described in clause (c) hereof shall not constitute an Insurance Default until 60 days from the date of such commencement or filing and only if at such time such proceeding or petition has not been dismissed

"Insurance Trustee" means United States Trust Company of New York as trustee or its successors

"Investment Obligations" means

(a) Government Obligations

(b) Agency Obligations

(c) Obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years and rated in the highest general rating category of each of the Rating Agencies (without regard to any refinement or gradation of such rating category by numerical modifier or otherwise)

(d) United States dollar denominated deposit accounts federal funds and banker s acceptances with domestic commercial banks the short term certificates of deposit of which are rated "A 1" or "A 1+" by Standard & Poor s Corporation and "P 1" by Moody s Investors Service on the date of their purchase and which mature no more than 360 days from the date of their purchase (provided that the ratings assigned to any holding company of any such commercial bank shall not be deemed to be the ratings of such commercial bank for the purposes of this paragraph)

(e) obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state which are not subject to redemption at the option of the issuer thereof prior to their maturity or as to which irrevocable instructions for the redemption thereof on the date specified in such instructions have been given by the issuer thereof and (A) which are rated based on the escrow established therefor in the highest general rating category of each of the Rating Agencies or (B)(i) which are fully secured as to principal and interest and redemption premium if any by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium if any on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions as appropriate and (ii) which fund is sufficient as verified by a nationally recognized independent certified public accountant to pay principal of and interest and redemption premium if any on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above as appropriate

(f) commercial paper which is rated at the time of its purchase "A 1+" by Standard & Poor s Corporation and "P 1' by Moody s Investors Service and which matures not more than 270 days after the date of its purchase

(g) investments in a money market fund rated "AAAm" or "AAAm G" or better by Standard & Poor s Corporation and

(h) any other forms of investments approved in writing by AMBAC Indemnity with notice to Moody s Investors Service Inc and Standard & Poor s Corporation

"Landfill" means the sanitary landfill which the Service anticipates developing on an approximately 188 acre parcel of land located and which is intended to receive solid waste from the County under the Service Agreement The Landfill shall include a municipal solid waste landfill a rubble landfill a material recovery facility a leachate collection and treatment facility and such other ancillary solid waste disposal facilities the Service deems necessary all necessary equipment and facilities and land easements rights of way, and other interests in real property

"Landfill Closure Fund" means the Landfill Closure Fund as defined in the Service Agreement to be held by the Service

"Landfill Revenues" has the meaning specified in the Service Agreement

"Liquidity Facility" means a written commitment to provide money to purchase or retire any Indebtedness if (i) on the date of delivery of such Liquidity Facility the unsecured indebtedness of the provider of such Liquidity Facility is rated by each Rating Agency in a rating category not lower than the rating category in which the Bonds are then rated and (ii) as of any particular date of determination no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the Service for a period of at least one year

"Long Term Indebtedness" means all Bonds together with all of the following Indebtedness incurred or assumed by the Service

(i) any obligation for the payment of principal and interest with respect to

money borrowed for an original term or renewable at the option of the borrower for a period from the date originally incurred longer than one year

(ii) any obligation for the payment of money under leases that are required to be capitalized under generally accepted accounting principles

(iii) any obligation for the payment of money under installment purchase contracts having an original term in excess of one ear

(iv) any obligation that would constitute Short Term Indebtedness if a Liquidity Facility were not in effect with respect thereto and

(v) any guaranty of any Indebtedness that would be described in item (i) (ii) (iii) or (iv) above if such Indebtedness were incurred directly by the Service

"Maximum Annual Debt Service" means when used with reference to any Long Term Indebtedness for any year or Fiscal Year as of any particular date of computation the greatest amount required in the then current or any future year or Fiscal Year respectively to pay the Debt Service Requirements of such Long Term Indebtedness

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal of and interest on the Series 1993 Bonds as provided therein

"Net Income Available for Debt Service" means for any period an amount determined in accordance with generally accepted accounting principles by deducting (i) the expenses of operating the Project or any Additional Facilities exclusive of depreciation interest amortization of financing expenses from (ii) the sum of all operating and nonoperating revenues of the Service derived from or in connection with the Project or any Additional Facilities (including without limitation all revenues of the Service under the Service Agreement) provided however that there shall be excluded from such calculation any nonoperating gains or losses on the sale or disposition of any asset or on the extinguishment of debt

"Optional Tender Indebtedness" means any Indebtedness that is subject to optional or mandatory tender by the holder thereof (including without limitation any mandatory tender in connection with the expiration of any Credit Facility securing such Indebtedness) for purchase or redemption prior to the stated maturity date thereof if the purchase or redemption price of such Indebtedness is under any circumstances payable by the Service

"Outstanding" means as of any particular date (a) when used with reference to Bonds all Bonds authenticated and delivered under the Indenture except (i) any Bond cancelled by the Trustee (or delivered to the Trustee for cancellation) at or before such date (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 9 01 of the Indenture and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II Article III or Section 8 03 of the Indenture and (b) when used with reference to any other Indebtedness all Indebtedness theretofore issued or incurred other than any such Indebtedness that is deemed to have been paid and discharged under generally accepted accounting principles

"Permitted Encumbrance" means

(a) any lien arising by reason of any deposit by the Service to secure any public or statutory obligation or to secure or in lieu of any surety stay or appeal bond and any deposit as security for the payment of taxes or assessments or other similar charges

(b) any lien arising by reason of any deposit with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license or to enable the Service to maintain self insurance or to participate in any funds established to cover any insurance risk or in connection with workers compensation unemployment insurance any pension or profit sharing plan or other social security or to share in the privileges or benefits required for the participation of the Service in such arrangements

(c) any right reserved to or vested in any municipality or public authority by the terms of any right power franchise grant license permit or provision of law any lien for taxes assessments levies fees water and sewer

rents or charges and other governmental and similar charges and any lien of any mechanic laborer supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or that is not delinquent or the amount or validity of which is being contested and execution thereon stayed

(d) any lien granted for the benefit of all holders of the Bonds in accordance with the Indenture

(e) any lien upon Revenues on deposit in the Landfill Closure Fund within the Special Purpose Fund

(f) any lien upon Revenues pledged to the payment of Subordinate Obligations

(g) any lien placed upon any tangible real or tangible personal property being acquired by the Service to secure all or a portion of the purchase price thereof but only if such lien is non recourse to other assets or properties of the Service and

(h) such easements rights of way servitudes restrictions and other defects liens and encumbrances as the Service with the consent of AMBAC and following notice of such consent to Standard & Poor s Corporation shall determine do not materially impair the use of the Project or any Additional Facilities for their intended purpose or the value of the Project or any Additional Facilities

"Project" means the acquisition design construction equipping and operation of a portion of the Landfill consisting of a municipal solid waste landfill a rubble landfill a material recovery facility and a leachate collection and treatment facility (being a "project" as defined in the Act) including all necessary attendant facilities and equipment as the Project may be amended in accordance with the Indenture the definition of the "Project" set forth hereinabove shall not in any way limit the items that may be financed with the proceeds of the Bonds as permitted by the Act

"Rating Agency" means Moody s Investors Service Standard & Poor s Corporation or any other securities rating agency that at the request of the Service shall have assigned a rating that is then in effect with respect to any Bonds and their successors and assigns and Rating Agencies" means each such Rating Agency collectively

"Redemption Price" means when used with respect to any Bond or portion thereof the principal amount of such Bond

or such portion thereof plus the applicable premium if any payable upon redemption thereof pursuant to the Indenture

"Registrar" means the Trustee in its capacity as Bond registrar under the Indenture

"Replacement Bonds" means Bonds issued in accordance with Section 2 07 of this Indenture

"Revenues" means (i) all payments to the Service or the Trustee pursuant to the Service Agreement (ii) all moneys and securities on deposit in the funds and accounts created by this Indenture and (iii) all other receipts of the Service attributable to the ownership leasing or operation of the Project and the financing and refinancing of the Project and any Additional Facilities with the proceeds of Bonds

"Serial Bonds" means the Bonds of any Series that are stated to mature in consecutive annual installments

"Series" means any series of Bonds authorized by the Indenture

"Series 1993 Bonds" means the Maryland Environmental Service Revenue Bonds (Garrett County Landfill Project) Series 1993 dated as of June 1 1993 authorized by Section 2 01 of the Indenture

"Service" means 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 the State of Maryland

'Service Agreement" means the Waste Disposal Service Agreement dated as of June 1 1993 between the Service and the County providing for the delivery to the Service for the disposal of solia waste generated within the boundaries of the County

"Service Fees" has the meaning specified in the Service Agreement

"Short Term Indebtedness" means any Indebtedness (i) incurred or assumed by the Service for a term not exceeding 365 days except any such Indebtedness with respect to which a Liquidity Facility is then in effect and (ii) any guaranty of any Indebtedness that would be described in clause (i) above if such Indebtedness were incurred directly by the Service

"Sinking Fund Installment" means the amount of money provided in the Indenture and in each Supplemental Indenture authorizing any Series of Additional Bonds to redeem or pay at maturity Term Bonds at the times and in the amounts provided in the Indenture or such Supplemental Indenture (as the case may be) less the amount of any credit against such amount arising from the purchase of Term Bonds in any prior year as provided in Section 4 06 of the Indenture

"Special Purpose Fund" has the meaning specified in the Service Agreement

"State" means the State of Maryland

"Subordinate Obligations" means any subordinate Indebtedness issued by the Service in accordance with Section 2 11 of the Indenture

"Supplemental Indenture" means any indenture of trust between the Service and the Trustee amending modifying or supplementing the Indenture any Supplemental Indenture or any Bond delivered and becoming effective in accordance with the terms of the Indenture

"Tax Exempt Bonds" means the Series 1993 Bonds and any other Bonds with respect to which there shall have been delivered to the Service an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes

"Term Bonds" means the Bonds of any Series other than Serial Bonds payable prior to or at their stated maturity from Sinking Fund Installments deposited in the Sinking Fund Account

"Total Costs" has the meaning specified in the Service Agreement

"Trust Estate" means all moneys and securities that from time to time are deposited or are required to be deposited or to be held in trust under any of the provisions of the Indenture and all property rights and other assets that from time to time may be pledged and assigned to the Trustee under the Granting Clauses of the Indenture

"Trustee" means the banking institution appointed by Section 6 01 of the Indenture as trustee for the Bonds and any other corporation that may at any time be substituted in its place pursuant to the Indenture and their successors

"Variable Rate Indebtedness" means as of any particular date Long Term Indebtedness the interest rate on which is not established at a fixed rate or rates for the remaining term thereof

Appendix B to
Indenture of Trust

[FORM OF SERIES 1993 BOND]

REGISTERED UNITED STATES OF AMERICA REGISTERED

STATE OF MARYLAND

No ___ $_____

MARYLAND ENVIRONMENTAL SERVICE

REVENUE BOND
(GARRETT COUNTY LANDFILL PROJECT)
SERIES 1993

Interest Rate (per annum)	Maturity Date	Reference Date	CUSIP
%			

Registered Owner

Principal Sum Dollars

MARYLAND ENVIRONMENTAL SERVICE a body politic and corporate constituting an instrumentality of the State of Maryland (the "Service") for value received hereby promises to pay but only from the Revenues (defined herein) and other amounts pledged to such payment under the Indenture (defined herein) to the Registered Owner shown above or registered assigns or legal representative upon the presentation and surrender hereof as provided herein the Principal Sum shown above on the Maturity Date shown above (or earlier as hereinafter referred to) with interest thereon from the most recent date to which interest has been paid or if the Date of Authentication shown below is prior to the first interest payment date from June 1 1993 at the Interest Rate shown above until said Principal Sum is paid payable on September 1, 1993 and semiannually thereafter on March 1 and September 1 of each year

All interest due on this bond shall be payable to the person in whose name this bond is registered on the bond registration books maintained by Signet Trust Company Baltimore, Maryland and as trustee and registrar (such entity and any successor in such capacity being referred to herein as the "Trustee") as of the close of business on the fifteenth day of the calendar month immediately preceding the interest payment date upon which such interest is due and payable and shall be made by check mailed to the address of such owner as it appears on the bond registration books maintained by the Trustee provided that if there is a default in the payment of interest due hereon such defaulted interest shall be payable to the person in whose name this bond is registered as of the close of business on a subsequent date fixed by the Trustee (the "Special Record Date") that is at least 10 and not more than 15 days before the date set for the payment of such defaulted interest Notice of any Special Record Date will be given as hereinafter provided to the registered owner hereof not later than 10 days before the Special Record Date As provided in the Indenture so long as all of the Bonds are maintained in book entry form with The Depository Trust Company New York New York ("DTC") interest on this bond will be paid in next day funds to the owner as of the Special Record Date

The principal or redemption price of and interest on this bond are payable in lawful money of the United States of America or by check payable in such money If any payment of the principal or Redemption Price of or interest on this bond shall be due on a day other than a Business Day (defined herein) such payment shall be made on the next Business Day with like effect as if made on the originally scheduled date A "Business Day" is any day other than a Saturday Sunday or legal holiday in the State of Maryland observed as such by the Service or the Trustee or both

The principal or redemption price of and interest on this bond are payable solely from the Revenues (defined herein) **NEITHER THE SERVICE THE STATE OF MARYLAND NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE REVENUES 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 OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND**

All acts conditions and things required by the Constitution and laws of the State of Maryland and the rules and regulations of the Service to happen exist and be performed precedent to and in the issuance of this bond the

execution and delivery of the Service Agreement (defined herein) and the Indenture have happened exist and have been performed as so required

No recourse shall be had for the payment of the principal or redemption price of and interest on this bond or for any claims based thereon or on the Indenture against any member or other officer of the Service or any person executing this bond all such liability if any being expressly waived and released by the registered owner of this bond by the acceptance of this bond

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon

1 Indenture This bond is one of a duly authorized series of bonds of the Service designated "MARYLAND ENVIRONMENTAL SERVICE REVENUE BONDS (GARRETT COUNTY LANDFILL PROJECT) SERIES 1993" (the "Bonds") aggregating _____ Dollars ($) in principal amount dated as of June 1, 1993 and duly issued by the Service under and pursuant to the Constitution and laws of the State of Maryland particularly the Maryland Environmental Service Act (being Sections 3 101 through 3 129 inclusive of the Natural Resources Article of the Annotated Code of Maryland as amended) (the "Act") and the Indenture of Trust dated as of June 1 1993 between the Service and the Trustee (herein with all amendments thereto called the "Indenture") The terms of the Bonds include those stated in the Indenture and the Bonds are subject to all such terms Reference is made hereby to the Indenture for a description of the funds revenues and charges pledged thereunder the nature and extent of the security created or to be created and the rights limitations of rights obligations duties and immunities of the Service the Trustee and the holders of the Bonds By the acceptance of this bond the holder hereof assents to all of the provisions of the Indenture Certified copies of the Indenture are on file at the principal corporate trust office of the Trustee and at the office of the Service in the City of Annapolis Maryland

2 Service Agreement Revenues The Service has entered into a Waste Disposal Service Agreement dated as of June 1, 1993 (with all amendments thereto herein called the "Service Agreement") with County Commissioners of Garrett County a body politic and corporate and political subidivison

all of the State of Maryland pursuant to which the County has agreed to deliver to the Service Acceptable Waste (defined in the Service Agreement) for disposal at the Landfill (defined in the Indenture) and to pay certain fees for such disposal services

As defined in the Indenture the "Revenues" include (i) all payments to the Service or the Trustee pursuant to the Service Agreement and (ii) all other receipts of the Service attributable to the ownership leasing or operation of the Project (defined in the Indenture) and the financing and refinancing of the Project and any Additional Facilities (defined in the Indenture) with the proceeds of the Bonds and any Additional Bonds (defined herein)

3 The Bonds All the Bonds are of like tenor except as to number principal amount maturity interest rate and redemption provisions and mature on March 1 of the years and in the amounts set forth below

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
1993	$	%	2003	$	%
1994			2004		
1995			2005		
1996			2006		
1997			2007		
1998			2008		
1999			2009		
2000			2010		
2001			2011		
2002			2012		

The Bonds are issuable only in registered form without coupons in denominations of $5 000 and any integral multiple thereof

4 Additional Bonds The Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Indenture (The Bonds and any Additional Bonds are herein referred to as the "Parity Bonds") All Parity Bonds issued within the limitations and provisions of the Indenture shall be secured equally and ratably by the Revenues and other property pledged by the Service

5 Redemption The Bonds at the time outstanding may be redeemed prior to their respective maturities as follows

(a) Optional Redemption Bonds maturing on or after September 1, 2004 are subject to redemption prior to maturity beginning on September 1 2003 at the option of the Service as a whole at any time or in part on any interest payment date at the following prices expressed as percentages of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date set for redemption

Period During Which Redeemed (both dates inclusive)	Redemption Price
September 1 2003 through August 31 2004	102%
September 1 2004 through August 31 2005	101
September 1 2005 and thereafter	100

(b) Redemption from Insurance and Condemnation Proceeds The Bonds are subject to redemption prior to maturity as a whole at any time or in part on any interest payment date at a redemption price equal to the principal amount of such Bonds redeemed plus accrued and unpaid interest to the date fixed for redemption in an amount equal to the amount of the net proceeds of casualty insurance and liability insurance with respect to the Project and net proceeds of all or any part of the Project which is taken in the exercise of the power of eminent domain or through the exercise of any right or obligation on the part of any public authority to purchase the same or as a result of any agreement between the Service and any such public authority that are deposited and held in the Insurance and Condemnation Award Fund and that are not applied to the repair or replacement of the lost damaged destroyed or taken property in accordance with the terms of the Indenture

(c) Extraordinary Optional Redemption The Bonds are subject to redemption as a whole at any time at a redemption price equal to the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption at the option of the Service upon the occurrence of any of the following events

(i) the Project or the Service s interest therein shall have been lost damaged or destroyed to such an extent that in the opinion of the Service (A) the Project cannot be reasonably restored within a period of 12 months to the condition thereof immediately preceding such loss damage or destruction or (B)

the Service is thereby prevented from carrying on its normal operation of the Project for a period in excess of 12 months from the date of damage or destruction or

(ii) taking or condemnation of the title to or the temporary use of all or substantially all of the Project by a competent authority or loss of use or possession of all or substantially all of the Project which taking condemnation or loss results or is likely to result in the Service s being prevented or likely to be prevented from carrying on its normal operation of the Project for a period in excess of 12 months from the date of any such event or

(iii) as a result of changes in Applicable Law (defined in the Indenture) (A) the Indenture or the Service Agreement shall become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or (B) unreasonable burdens or excessive liabilities are imposed upon the Service by reason of the operation of the Project or (C) the Service is no longer able to operate the Project or

(iv) changes in the economic availability of raw materials energy operating supplies or facilities necessary for the operation of the Project or technological or other changes shall have occurred which in the reasonable judgment of the Service render the Project uneconomic or unsuitable for the purposes specified in the Service Agreement for a period in excess of 12 months from the date of such changes or

(v) a final decree or judgment of any federal court or any determination decision or decree by the Internal Revenue Service shall have been entered which decree judgment determination or decision is not subject to further appeal and

determines that interest paid or payable on any tax exempt Bond is not or was not excludable from the gross income of the holder thereof for federal income tax purposes /\

(d) Selection of Bonds to Be Redeemed If fewer than all of the Bonds shall be called for redemption the particular maturities of the Bonds to be redeemed shall be selected by the Service If fewer than all of the Bonds of any one maturity shall be called for redemption the particular Bonds or portions of Bonds to be redeemed from such maturity shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine Money available for the redemption of Parity Bonds shall be allocated to the Bonds and any Additional Bonds outstanding under the Indenture in the manner provided in the Indenture

(e) Notice of Redemption The Trustee shall give notice of the call for any redemption by publication at least once in a daily newspaper of general circulation in the Borough of Manhattan City and State of New York or a financial journal published in such Borough City and State and at least once in a daily newspaper of general circulation in the City of Baltimore Maryland which notice shall be published at least 30 days before the redemption date Notice of any such redemption shall also be mailed at least 30 days before the redemption date to the registered owners of the Bonds to be redeemed but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the Bonds As provided in the Indenture so long as all of the Bonds are maintained in book entry form with DTC at least two Business Days prior to the day on which the notice is published by the Trustee as set forth above the Trustee shall provide notice of redemption of the Bonds to DTC in the manner and under the terms and conditions provided herein and in the Indenture

(f) Effect of Call for Redemption On the date designated for redemption notice having been given as provided herein the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or such portions thereof on such date and if moneys for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture interest on such Bonds or such portions thereof so called for redemption shall cease to accrue such Bonds or such portions thereof so called for redemption shall

cease to be entitled to any benefit or security under the Indenture and the registered owners thereof shall have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee If a portion of this bond shall be called for redemption a new Bond or Bonds in the aggregate principal amount equal to the unredeemed portion hereof of the same series and maturity and bearing interest at the same rate shall be issued to the registered owner upon the surrender hereof

A6 Municipal Bond Insurance Policy Municipal Bond Insurance Policy No _____ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity") The Policy has been delivered to United States Trust Company of New York New York New York as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from AMBAC Indemnity or the Insurance Trustee All payments required to be made under the Policy shall be made in accordance with the provisions thereof The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy

7 Provisions Applicable to Book Entry Bonds So long as all of the Bonds shall be maintained in book entry form with a Securities Depository (as defined in the Indenture) in accordance with Section 2 10 of the Indenture in the event that part but not all of this bond shall be called for redemption the holder of this bond may elect not to surrender this bond in exchange for a new Bond in accordance with paragraph 5(f) above and in such event shall make a notation indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto For all purposes the principal amount of this bond outstanding at any time shall be equal to the lesser of (A) the Principal Sum shown on the face hereof and (B) such Principal Sum reduced by the principal amount of any partial redemption of this bond following which the holder of this bond has elected not to surrender this bond in accordance with the paragraph 5(f) above The failure of the holder hereof to note the principal amount of any partial redemption on the Payment Grid attached hereto or any inaccuracy therein shall not affect the payment obligation of the Service hereunder THEREFORE IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID

8 Acceleration, Defeasance In certain events on the conditions in the manner and with the effect set forth in the Indenture the principal of all the Bonds then outstanding under the Indenture may become or may be declared due and payable before the stated maturities thereof together with the interest accrued thereon

The Indenture prescribes the manner in which it may be discharged and provides that Bonds shall be deemed to be paid if moneys or Government Obligations (defined in the Indenture) the principal of and interest on which when due will be sufficient to pay the principal or redemption price of and interest on such Bonds to the date of maturity or redemption thereof shall have been deposited with the Trustee

9 Persons Deemed Owners, Restrictions upon Actions by Individual Holders The Service and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof (whether or not this bond shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Service or the Trustee) for the purpose of receiving payment of or on account of the principal or redemption price of this bond and for all other purposes except as otherwise provided herein with respect to the payment of interest on this bond and neither the Service nor the Trustee shall be affected by any notice to the contrary All such payments so made to any such registered owner or upon such owner s order shall be valid and to the extent of the sum or sums so paid effectual to satisfy and discharge the liability for moneys payable under this bond

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event of default under the Indenture or to institute appear in or defend any suit or other proceeding with respect hereto except as provided in the Indenture

10 Transfer and Exchange This bond may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and bearing interest at the same rate and of other authorized denominations and the transfer of this bond may be registered upon presentation and surrender of this bond at the principal corporate trust office of the Trustee together with an assignment duly executed by the registered owner hereof or such owner s attorney or legal representative The Service and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith

Neither the Service nor the Trustee shall be required to register the transfer of this bond or make any such exchange of this bond after this bond or any portion hereof has been selected for redemption The Bonds shall be issued in book entry form subject to further action as provided in the Indenture and the provisions set forth in the Indenture relating to book entry form shall apply thereto

11 Modifications Modifications or alterations of the Indenture or the Service Agreement may be made only to the extent and in the circumstances permitted by the Indenture and the Service Agreement

12 Negotiability As declared by the Act this bond shall be and be deemed to be for all purposes a negotiable instrument subject only to the provisions for registration and registration of transfer stated herein

13 Governing Law This bond shall be governed by and construed in accordance with the laws of the State of Maryland

14 Notices Except as otherwise provided in the Indenture and this bond when the Trustee is required to give notice to the owner of this bond such notice shall be mailed by first class mail to the registered owner of this bond at such owner s address as it appears on the registration books maintained by the Trustee Any notice mailed as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee

IN WITNESS WHEREOF Maryland Environmental Service has caused this bond to be executed in its name by the manual signature of the Director of the Service and its corporate seal (or a facsimile thereof) to be hereunto affixed imprinted engraved or otherwise reproduced and attested by the manual signature of its Deputy Director all as of the first day of June 1993

MARYLAND ENVIRONMENTAL SERVICE

[Seal]

By _____
Director

Attest

_____
Deputy Director

[Certificate of Authentication]

Date of Authentication

This bond is one of the bonds of the series designated herein and issued under the provisions of the within mentioned Indenture A signed original of the complete text of the opinion of Piper & Marbury Baltimore Maryland bond counsel is on file with the undersigned

SIGNET TRUST COMPANY
as Trustee

By _____
Authorized Signatory

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature