MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO 94-05-1R

A RESOLUTION AUTHORIZING

the procurement, execution and delivery by the Maryland Environmental Service (the "Service") of a 1994 Master Equipment Lease-Purchase Agreement (the "Master Lease") in an aggregate principal amount not to exceed $3,000,000 00 for the purpose of financing the acquisition of equipment and equipment previously acquired by the Service (the "Equipment"), approving the execution and delivery of one or more Sublease Agreements (the "Subleases"), between the Service and various Municipalities (as defined in Section 3-101(h) of the Natural Resources Article, Annotated Code of Maryland), approving the execution and delivery of certain Equipment Schedules (the "Equipment Schedules") relating to the Master Lease and the Subleases, providing for the Master Lease to be an obligation of the Service payable from amounts received pursuant to the Subleases and such other revenues as may be received by the Service in connection with the Master Lease, authorizing the Director to amend, execute and deliver the Master Lease, the Subleases and the Equipment Schedules, and providing generally for other matters necessary to the procurement, execution and delivery of the Master Lease, the Subleases and the Equipment Schedules

RECITALS

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume, 1993 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 or for any other purpose of the Service, and to provide for the security of such bonds or notes and the rights of the holders thereof, (ii) to lease as lessee any personal property necessary to carry out the purposes of the Service, and to lease as lessor any property the Service has acquired, and (iii) 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 an ongoing need to acquire Equipment necessary for the development and operation of its projects The Service has determined to procure, execute and deliver the Master Lease in order to finance the cost of acquisition of Equipment and of Equipment previously acquired in Fiscal Year 1994 The Master Lease requires the Lessor to acquire Equipment, at the request of the Service, and lease the Equipment to the Service The Master Lease also requires the Lessor to provide funds to the Service for reimbursement of funds expended by the Service to acquire certain Equipment during Fiscal Year 1994 In exchange for the reimbursement the Service may be required to convey a property interest in the Equipment to the Lessor The Service intends to enter into Subleases of Equipment with certain Municipalities, whereby the Service will lease Equipment from the Lessor and sublease the Equipment to one or more Municipalities Municipalities will pay Sublease Payments ("Sublease Payments") to the Service for the Equipment subleased to the Municipalities

The Service will pay Lease Payments ("Lease Payments") to the Lessor consisting of principal and interest on amounts paid by the Lessor to acquire the Equipment Lease Payments due under the Master Lease will be payable from the revenues and Sublease Payments received by the service under the Subleases with Municipalities Sublease Payments will be in an amount sufficient to pay Lease Payments due under the Master Lease Upon payment of all Lease Payments title to the Equipment will be transferred to the Service The Service will transfer its title to subleased Equipment to the respective Municipalities upon payment of all Sublease Payments

The Service considers the procurement, execution, and delivery of the Master Lease, Subleases and Equipment Schedules 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 procurement, execution and delivery of the Master Lease in a principal amount not to exceed $3,000,000 00, to be designated Maryland Environmental Service 1994 Master Equipment Lease-Purchase Agreement shall be, and hereby is, authorized and directed pursuant to the provisions of the Act to finance the acquisition of Equipment purchased between June 30 1994 and June 30, 1995, and for Equipment previously acquired by and delivered to the Service during Fiscal Year 1994, as provided in Act

3 The Master Lease will be executed with and delivered to the responsible firm submitting the lowest responsive bid in connection with the Notice Inviting Bids dated May 27, 1994 ("NIB") on the terms and conditions set forth in the form of the Master Agreement presented to this meeting Such form of the Master Agreement shall be, and hereby is directed to be, filed among the permanent records of the Service The Master Agreement shall be executed by the Director substantially in the form of the Master Agreement presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director, including the addition of provisions permitting the creation of and escrow account and deposit of funds into the escrow account, provided, however, that except as otherwise provided in this resolution, 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 Master Lease shall not exceed $3,000,000 The annual interest rate of any maturity of the Lease Payments shall not exceed 6 5 percent The Director shall, subject to the limitations set forth in this paragraph, fix the principal amount of the Master Lease and the Subleases, the interest rate or rates for the Lease Payments and the Sublease Payments, and the payment schedule for the Lease Payments and Sublease Payments, and the Director shall include such items in the respective Master Lease or Subleases

4 During the term of the Master Lease, the Service may enter into one or more Subleases with Municipalities, substantially in the form of the Sublease presented to this meeting During the term of the Master Lease, the Service may also execute and deliver one or more Equipment Schedules, substantially in the form of the Equipment Schedule presented to this meeting Such forms of the Sublease and Equipment Schedules 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 Subleases and Equipment Schedules 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

5 The form of the NIB presented to this meeting shall be, and hereby is, approved and the distribution thereof is approved and ratified hereby Such NIB 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 amendments to the NIB, with such changes, omissions, insertions and revisions to the NIB as the Director shall deem desirable, including the addition of provisions permitting the

creation of an escrow account and deposit of funds into the escrow account, provided, however, that except as otherwise provided in this resolution, such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution

6 The Director and other officers and employees 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 Master Lease, the Subleases and the Equipment Schedules, and the other matters contemplated by this Resolution

7 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

8 This Resolution shall take effect immediately upon its adoption

ADOPTED THIS 31ST DAY OF MAY, 1994

MARYLAND ENVIRONMENTAL SERVICE

George G Perdikakis
Director

SEAL

Annette Anselmi
Deputy Director

MARYLAND ENVIRONMENTAL SERVICE

2011 Commerce Park Drive
Annapolis, Maryland

NOTICE INVITING BIDS

FOR

1994 CONSOLIDATED EQUIPMENT LEASE-PURCHASE FINANCING

Indexed Rate Private Placement Equipment
Financing of up to $3,000,000

Issued May 27, 1994

TABLE OF CONTENTS

			PAGE
I	**Objective**		
	A	Summary Statement	1
	B	Issuing Office	1
	C	Questions and Inquiries	1
	D	Submission Deadline	1
	E	Duration of Bid	1
II	**General Information**		
	A	Purpose	2
	B	Revisions to the NIB	2
	C	Cancellation of the NIB, Rejection of Bids	2
	D	Bid Acceptance	2
	E	Incurred Expenses	2
	F	Bid Form	2
	G	Minority Business Enterprises	2
	H	Compliance with Law	3
	I	Acceptance of Terms and Conditions	3
III	**Scope of Services and Requirements**		
	A	General Background	3
	B	Overview	4
	C	Indexed Rate Bid	6
	D	General Terms and Conditions	7
IV	**Evaluation and Selection**		
	A	Bid Evaluation	10
	B	Bidder Qualifications	10
	C	Selection	10
V	**Bid Format**		
	A	Financial Report	11
	B	Similar Engagements/Client References	11
	C	Bid Form	11
Exhibits			
	A	Bid Form	
	B	Master Lease	

SECTION I OBJECTIVE

A Summary Statement

Maryland Environmental Service ("Service"), an agency and instrumentality of the State of Maryland, is requesting bids for financing, on a consolidated basis, the acquisition of certain equipment under a lease-purchase financing arrangement ("Lease") The successful bidder will provide financing for up to $3 million for both equipment purchases from June 30, 1994, through June 30, 1995, and for Equipment previously acquired by and delivered to Lessee during Fiscal Year 1994 ("Equipment") These purchases will be consolidated and the financing provided as more particularly described in Section III of this Notice Inviting Bids ("NIB")

B Issuing Office

Maryland Environmental Service
2011 Commerce Park Drive
Annapolis, Maryland 21401
(410) 974-7270

C Questions and Inquiries

All questions and inquiries should be directed to Irene Hoffman, Procurement Officer, (410) 974-7293, not later than 4 00 p m local time on Tuesday, June 7, 1994 Ms Hoffman may refer certain questions or inquiries to others

D Submission Deadline

A bidder's Financial Report and summary of similar Engagements/Client References (see Section V A and B) must arrive at the Issuing Office by 4 00 p m local time on Friday, June 17, 1994 Bids must arrive at the Issuing Office by 4 00 p m local time on Monday, June 20, 1994, in order to be considered Requests for extension of this bid date or time will not be granted Bids may be transmitted by Telefax to (410) 974-7267

Bidders mailing or delivering bids should allow sufficient external and internal delivery time to ensure their timely receipt at the Issuing Office Bids arriving after the closing date and time, regardless of the method of their transmission, will not be considered

E Duration of Bid

It is anticipated that Bids submitted in response to this solicitation will be considered and award(s) made on Wednesday, June 22, 1994 Closing will occur at 10 00 a m local time on Thursday, June 30, 1994, at the Maryland Environmental Service in Annapolis

SECTION II GENERAL INFORMATION

A Purpose

The overall purpose of this NIB is to provide information to bidders interested in submitting bids to meet the Service's needs for consolidated equipment lease-purchase financing through June 30, 1995

B Revisions to the NIB

If it becomes necessary to revise this NIB, amendments will be provided to all prospective bidders that were sent this NIB or otherwise are known by the Issuing Office to have obtained this NIB Acknowledgment of the receipt of all amendments will be required

The Service intends to issue an amendment to provide additional documentation to allow for an Escrow Agreement whereby the Service may request that the successful Bidder, from time to time, deposit funds in escrow with an Escrow Agent to permit the purchase of Equipment by the Service

C Cancellation of the NIB, Rejection of Bids

The Service may cancel this NIB, in whole or in part, or may reject all bids submitted in response to this solicitation whenever this action is determined to be fiscally advantageous to the Service or otherwise in its best interests

D Bid Acceptance

The Service reserves the right to accept or reject any and all bids, in whole or in part, received in response to this NIB, and to waive or permit cure of minor irregularities

E Incurred Expenses

The Service will not be responsible for any costs incurred by a bidder in preparing and submitting a bid in response to this NIB

F Bid Form

Bids must be submitted on the Bid Form included as Exhibit A to this solicitation

G Minority Business Enterprises

Minority business enterprises are encouraged to respond to this solicitation

H Compliance with Law

By submitting a bid in response to this NIB, the bidder, if selected for award, agrees that it will comply with all federal, State, and local laws applicable to its activities and obligations under the contract By submitting a bid in response to this NIB, the bidder represents and warrants that it is not in arrears with respect to the payment of monies due and owing the State of Maryland or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and if selected for award, that it shall not become so in arrears during the term of the contract

I Acceptance of Terms and Conditions

By submitting a bid in response to this NIB, a bidder shall be deemed to have accepted all the terms, conditions, and requirements set forth in this NIB, including the attachments hereto

SECTION III SCOPE OF SERVICES AND REQUIREMENTS

A General Background

The Service is a body politic and corporate of the State of Maryland constituting a public instrumentality organized and existing under Title 3, Subtitle 1 of the Natural Resources Article, Annotated Code of Maryland The Service was created by the Maryland General Assembly in 1970 as an agency of the Maryland State Department of Natural Resources Effective July 1, 1993, the Maryland General Assembly established the Service as an instrumentality of the State and a public corporation independent of the Department of Natural Resources The Service operates as both an agency of the State of Maryland and a self-supporting, non-profit public utility Major activities of the Service include the provision of water supply and wastewater treatment service, sewage sludge management, recycling assistance, solid waste management, dredge materials disposal management and energy and resource recovery from waste Services are provided to agencies of the State of Maryland, local communities, political subdivisions and the private sector

The Service currently operates approximately 129 public and private water and wastewater treatment plants throughout the State of Maryland Licensed and certified personnel operate and maintain the facilities Projects range in size from basic pumping stations to a $13 million advanced wastewater treatment facility Capabilities include financing, engineering, design, construction, laboratory testing, operation oversight, management, operation, maintenance and plant supervision

In the area of solid and hazardous waste management, the Service offers site analysis, planning, design, construction, operations and laboratory services The Service has the capabilities and resources to finance as well as build and operate state-of-the-art solid waste facilities including regional and county sanitary landfills, incinerators and resource reclamation centers

The Service operates and manages the Hawkins Point Hazardous Materials Landfill, Hart-Miller Island Dredge Disposal Facility, and is partner with Baltimore County in a resource recovery facility The Service has also developed a sludge treatment program, including a method of composting sludge producing a trademarked product marketed wholesale throughout the mid-Atlantic region as COMPRO® The Service produces and sells leaf compost for Montgomery and Prince George's Counties under the registered trade mark Leafgro® The Service manages the statewide program for used tire recycling

The Service generates funds for its continued operation through service contracts with its clients or from reimbursable funds from various State agencies The service contracts provide for payment of costs incurred by the Service, including overhead and equipment charges The latter charges may take the form of lease payments Reimbursable funds are provided to State agencies through the annual State budget appropriation process The Service also uses reimbursable funds for recovery of overhead charges and equipment lease payments

B Overview

The Service invites sealed bids for the financing, on a consolidated basis, of up to $3 million aggregate for equipment purchases from June 30, 1994, through June 30, 1995, and for Equipment previously acquired by and delivered to the Service during Fiscal Year 1994, under a 1994 Master Lease-Purchase Agreement and the documents to be executed in connection therewith (collectively, the "Lease") (see Exhibit B) The Service will only finance previously acquired Equipment for which the Board of Directors of the Service has adopted a Notice of Intent to Finance It is expected that the types of equipment to be financed will include, without limitation, motor vehicles, trailers, construction, laboratory, office, and data processing equipment, and certain specialized waste processing and recycling equipment (e g wood waste shredders, composters, balers, etc)

Under the 1994 Master Lease, the selected bidder(s) ("Lessor") will acquire, directly or through a third-party lessor designated by the Lessor ("Lessor's Designee") the equipment required by and approved for financing by the Service, and will lease the equipment to the Service The lease will provide the Lessor or its subsequent assignee the right to lease payments payable by the

under the lease

Equipment acquisitions generally are consolidated to permit a single monthly takedown against the aggregate $3 million to be made available, however, more frequent funding requests may, in the Service's sole discretion, be necessary Specific items of equipment may from time to time be acquired prior to a takedown and proceeds of such takedown used to reimburse the Service, the Service intends to take such actions as necessary to permit such reimbursement to occur on a tax-exempt basis

Upon receipt of an Acceptance Certificate and an Equipment Use Certificate (see Exhibits C and D to the Equipment Schedule attached to Exhibit B), the Service will prepare and cause to be executed the Equipment Schedule, together with its Exhibits In addition, the Service prepares, as necessary, three- and five-year monthly Takedown Schedules, which aggregate the amounts financed through the various Equipment Schedules each month according to the financing term (three or five years)

The Service intends to sublease to agencies or political subdivision of the State of Maryland some or all of the leased Equipment For any Equipment that is subleased the Service's obligation to make Lease Payments shall be subject to appropriation by the applicable Sublessee If sufficient funds to make Sublease Payments are not appropriated by a Sublessee, then the Lease Term for the Equipment under the Equipment Schedule for which funds are not appropriated shall terminate on the last day of the fiscal period for which appropriations were authorized The Service and the Sublessee will then surrender possession of such equipment to Lessor or its assignee Alternatively, the Service, at its option, may make the Lease Payments to Lessor, may retain possession of the Equipment, and may sublease, without further consent of the Lessor, the Equipment to another Sublessee

On a monthly basis, or more frequently as determined by the Service, the Service will establish a funding date, usually the second Thursday of the month (the "Funding Date") Ten calendar days prior to the Funding Date, the Service will forward a summary of the Equipment Schedules to be funded to the Lessor Or Lessor's Designee for verification On the Funding Date, all documents will be executed and the Lessor or Lessor's Designee will wire transfer directly (i) to the vendors sufficient funds to cover payments then due or (ii) to the Service in connection with the reimbursement of funds expended by the Service for the acquisition of Equipment described above The Lessor then may file appropriate documents with the appropriate agency to perfect its security interest In the event that the Service provides a down payment with respect to any of the Equipment, the Service will electronically transfer the down payment to the Lessor or Lessor's Designee on the Funding Date unless the down payment previously has been paid by the Service directly to the equipment vendor

The Service will assure, upon execution of an Equipment Schedule, that funds for the Lease Payments during the then-current fiscal year will be committed or withheld from the funds available to the Service, and will be paid by the Service by a single payment semi-annually to the Lessor or the Lessor's assignee (the "Assignee") The payment will be accomplished by ACH transfer settling on the payment due date

The contract to be awarded for the equipment financing is not exclusive, the Service will retain the rights (i) to make multiple awards pursuant to this NIB, and (ii) to exclude from the financing, and procure alternative financing for, any lease-purchase transaction that the Service may deem appropriate, neither the amount nor the timing of any such alternative financing arrangements can be projected

Payments of principal and interest shall be subject to pre-payment as provided in Section III D 2 of this NIB, and to termination only as set forth in the Master Lease

C **Indexed Rate Bid**

The Lease contemplates the Lessor's acquisition of Equipment, both from time to time during the period June 30, 1994, through June 30, 1995, and previously acquired by and delivered to the Service, in the aggregate principal amount of up to $3 million (the "Aggregate Principal Amount"), to be amortized under the Lease over a term of three or five years, as applicable Lease payments will be made semi-annually on April 1 and October 1 Should a payment date not be a banking day in Maryland, payment will be due on the next banking business day in Maryland

Amortization schedules will be based on a level annual lease payment model (for all years except the initial year) The actual schedules will be based on a successful bidder's indexed rate at time of bid The lease payment/principal amortization schedules will be based on the interest rate at the Funding Date as described below

Equipment to be purchased or previously purchased by and delivered to the Lessor, and to be financed on or after June 30, 1994, in accordance with the Service's direction, shall be financed under the Lease at an indexed rate of interest The index (the "Index") will be either (i) the current annualized interest rate on three- or five-year Treasury Notes ("Treasury Constant Maturities"), as applicable, as published by the Federal Reserve Board (H 15{519}) on a weekly average basis for the second week preceding the date of takedown multiplied by the applicable percentage as set forth in the bid or bids selected for award, or (ii) the current annualized interest rate for three- or five-year securities as reported on the Delphis Hanover schedule 100(Aaa) for the close of Thursday of the second week preceding the Funding Date

multiplied by the applicable percentage set forth in the bid or bids selected for award

The rate of interest to be charged for each equipment purchase, or groups of equipment purchases, will be determined and fixed on the Funding Date for such item(s) of equipment based upon the Index selected in the bids of the successful bidder(s)

Semi-annual lease payments will be calculated by the Lessor based upon an equalized payment schedule using a single fixed rate of interest for the applicable three- or five-year term Accrued interest will be payable semi-annually beginning on October 1, 1994, and April 1 and October 1 thereafter for the applicable term Unless the Service elects semi-annual principal amortization prior to the closing date (Thursday, June 30, 1994), principal shall be subject to annual amortization with the first principal payment payable on October 1, 1994

D General Terms and Conditions

1 Adjustment of Lease Payment Principal Amount To equalize the lease payments to be made by Lessee, the principal amortization amounts may be adjusted by the Lessee after award, provided, however, that any such adjustment shall neither (a) change the Aggregate Principal Amount nor (b) increase or decrease any annual amortization amount by more than $50,000 The bids of the successful bidder(s) may not be withdrawn as a result of any such adjustment, nor may the interest rate bids of the successful bidder(s) be modified as a result of any such adjustment

2 Optional Prepayment The Lessee reserves the right to prepay the Lease, in whole or in part with respect to one or more Equipment Schedules, on any lease payment date upon at least 30 days' prior written notice Exercise of this purchase option shall be at the following percentage of the principal balance then outstanding (after deduction of the principal payment, if any, then due)

Remaining Lease Term	Prepayment (% Principal Balance Then Outstanding)
Four to five years	102 0%
Three to four years	101 5%
Two to three years	101 0%
One to two years	100 5%
One year or less	100 0%

3 Substitution of Security The Lessee reserves the right to substitute equipment of equivalent or greater value in any Equipment Schedule

4 Calculation of Interest Interest payable on the Aggregate Principal Amount for any period not equal to a full semi-annual period will be calculated on a 30/360-day basis from the monthly Funding Dates, as applicable

5 Bond Insurance Lessor may not secure bond insurance on the lease or lease payments or fractionalized interests or participations therein

6 Ratings Lessor may not secure ratings on the Lease or lease payments or fractionalized interests or participations therein

7 Restriction on Resale Lessor, or by acceptance of an assignment agreement from Lessor, the Assignee(s), shall be deemed to certify that

a Lessor or the Assignee is purchasing for its own account or intends to sell or distribute fractionalized interests or participations in the right to receive lease payments only to individuals or entities that meet the requirements of subsections (b) and (c), below, and that have no intention of redistributing such interests or participations,

b Lessor or the Assignee has knowledge and experience in financial and business matters that renders it capable of evaluating the merits and risks of the investment in the Lease and has received such information as it has deemed necessary to make such an evaluation,

c Lessor or the Assignee is able to bear the economic risk of investment in the Lease, and

d if Lessor or the Assignee sells or distributes, in fractionalized interests or participations, its interest in its right to receive payment of the aggregate amount of the monthly draw, it shall limit such sale or distribution to fractionalized interests or participations of $100,000 or more, and it shall limit such sale or distribution to no more than 35 "sophisticated investors " Neither the Lessor nor the Assignee may undertake a public offering of its interest in payments due under the Lease

In addition, should the Lessor or its Assignee contemplate the sale or distribution in fractionalized interests or participations of its right to receive lease payments, Lessor must provide the Principal Counsel to the Service with a copy of all offering materials at the time any such interests or participations are offered for sale or distribution

The Service has not Prepared An Official Statement Or Other Offering Materials In Connection With This NIB Or The Lease And Does Not Intend To Prepare Such Materials The

Service shall have no obligation to prepare, participate in the preparation of or approve any Official Statement or other offering materials in connection with any sale by the Lessor or the Assignee of any fractionalized interest or participation in the right to receive Lease payments

8 Documents Lessee, from time to time, shall provide certificates of essential use, certificates of acceptance, IRS Forms 8038G, financing statements, and such other documents as reasonably may be necessary to effect the purposes of the Lease

9 Tax Opinion The Lessee shall provide at closing an opinion of tax counsel as to the excludability from gross income for federal income tax purposes of interest payments under the Lease

10 Other Legal Matters The Lessee's execution of the Lease and related documents will be subject to the following

a review and approval of the Lease and related documents pursuant to which Lessee may be bound by the Principal Counsel to the Service, and,

b delivery of an opinion of the Principal Counsel to the Service

11 Bid Form A bidder's failure to submit an executed Bid Form attached as Exhibit A to this NIB may result in rejection of the bid

12 Irrevocability of Bids Each bid submitted in response to this solicitation shall be irrevocable for ten calendar days following its submission The Service expects to award the contract on Wednesday, June 22, 1994

13 Availability of Funds By submitting a bid in response to this NIB, a bidder shall be deemed to evidence its understanding that some of the Lessee's obligations under the Lease specifically are subject to annual appropriation of funds (see Section 5 of the Lease)

14 Performance Security Unless waived by the Service in the exercise of its sole discretion, a successful bidder must deliver to the Issuing Office by 4 30 p m on Thursday, June 23, 1994, a certified check upon, or one cashier's or treasurer's check or any other direct demand obligation of, a responsible banking institution drawn to the order of the Maryland Environmental Service in the amount of $25,000 The check of a successful bidder will be retained without presentation as a good faith deposit until closing (Thursday, June 30, 1994), at which time it will be returned In the event a successful bidder shall fail to comply with the terms of its bid, the proceeds of the check

submitted as security for the performance of that bid shall be retained to the credit of Maryland Environmental Service as and for full liquidated damages

SECTION IV EVALUATION AND SELECTION

A Bid Evaluation

All qualifying bids received from responsible and responsive bidders by the submission deadline will be evaluated by the Service

B Bidder Qualifications

(1) In General The Service may make such reasonable investigations as deemed proper and necessary to determine the ability of any bidder to meet the requirements of this solicitation, and by submitting a bid in response to this NIB, a bidder shall be deemed to have agreed to provide to the Service all such information for this purpose as reasonably may be requested The Service reserves the right to reject any bid if the information submitted by, or the investigation of, the bidder fails to satisfy the Service that such bidder is qualified to meet the requirements of this solicitation and the agreements contemplated herein

(2) Qualification Conditions If selected for award, a bidder must, in the exercise of the Service's reasonable judgment

a possess the ability, capacity, and skill to perform its obligations under the Lease and the documents to be executed in connection therewith,

b possess the appropriate character, integrity, reputation, judgment, and experience to fully perform all of its obligations under the Lease, and

c possess sufficient financial resources to perform fully its obligations under the Lease

Each bidder shall provide to the Service such information and certificates as the Service, upon the advice of counsel, shall deem sufficient to establish compliance with the conditions enumerated in subparagraphs (a) through (c), above See Section V, below

C Selection

Awards will be made to the responsible bidder(s), as determined pursuant to subsection B, above, submitting a responsive bid determined by the Service to represent the lowest interest cost to the Service under the contemplated financing In determining the lowest interest cost, the Service will convert each bidder's

indexed bid to an annual rate using the most recently published Treasury or Delphis Hanover rate (see Section III C) as of June 20, 1994

SECTION V BID FORMAT

A Financial Report

Each bidder must submit to the Issuing Office by 4 00 p m local time on Friday, June 17, 1994, a copy of it most recent audited financial statements or complete financial statements reviewed by independent certified public accountants such review to include a review opinion and such other documentation as will adequately demonstrate the bidder's financial stability

B Similar Engagements/Client References

Each bidder must submit to the Issuing Office by 4 00 p m local time on Friday, June 17, 1994, a brief description of similar financings that were successfully performed for other clients or for the State of Maryland At least three such clients must be identified by name, address, telephone number, and contract reference

C Bid Form

Each bidder must submit by 4 00 p m local time on Monday, June 20, 1994, a completed and signed Bid Form (Exhibit A) The Bid Form must be signed by an individual authorized to bind the bidder to all terms and conditions of this NIB and the agreements contemplated hereunder

EXHIBIT A

BID FORM

INDEXED RATE PRIVATE PLACEMENT MASTER EQUIPMENT LEASE-PURCHASE FINANCING OF UP TO $3 MILLION

*** * * * * ***

June 20, 1994

Ms Irene Hoffman
Procurement Officer
Maryland Environmental Service
2011 Commerce Park Drive
Annapolis, Maryland 21401

Dear Ms Hoffman

In response to your Notice Inviting Bids issued on May 27, 1994, with respect to the above (the "NIB"), in accordance with all terms and conditions therein set forth, the undersigned responds as follows

MASTER LEASE FINANCING (BID AT PAR)

NO BID _____

OR

BID AS FOLLOWS

II TERM	Percentage of Index (Enter Rates for Both)	Index (Select One Only)	Yes	No
36 Mos	_____%*	Federal Reserve H 15(519)	___	___
60 Mos	_____%*	Delphis Hanover 100 (Aaa)	___	___

* Bids must be rounded to four decimal points

If selected for award, we will deliver to your office by 4 30 p m on Thursday, June 23, 1994, a check payable to the Maryland Environmental Service, in the amount of $25,000, such check to comply with and be held in accordance with Section III D 14 of the NIB

In compliance with the NIB and with all terms and conditions set forth therein, the undersigned represents that he or she has full authority to submit the above bid and to bind his or her principal to the obligations contemplated thereunder

Sincerely,

_____
(Firm)

BY _____

_____
(Typed Name)

_____
(Title)

BID MUST BE SUBMITTED BY
4 00 P M LOCAL TIME ON MONDAY, JUNE 20, 1994

1994 MASTER EQUIPMENT LEASE - PURCHASE AGREEMENT

INDEXED RATE PRIVATE PLACEMENT

FINANCING OF UP TO $3,000,000

MARYLAND ENVIRONMENTAL SERVICE

AND

{LESSOR}

1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

This MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT dated as of - _____, 1994 (the "LEASE"), by and between **{LESSOR}** (the Lessor"), having a principal place of business at **{ADDRESS}** and the **MARYLAND ENVIRONMENTAL SERVICE** (the "Lessee" or the "Service"), having a principal place of business at 2011 Commerce Park Drive, Annapolis, Maryland 21401

WITNESSETH

WHEREAS, Lessee operates a water supply, waste reduction and disposal, and dredged materials management program (the "Program") under which Lessee provides services to State and local government subdivisions and instrumentalities (each a "Customer"), including providing water supply and waste reduction and disposal equipment pursuant to Equipment Supply Contracts (each an "ESC"), and,

WHEREAS, Lessee has determined that a present need exists for the acquisition of certain Equipment (hereinafter defined), and that Lessee is authorized under the Constitution and laws of the State to enter into this Lease for the purposes hereinafter set forth, and,

WHEREAS, Lessor has agreed to finance the acquisition of the Equipment and lease with an option to purchase such Equipment to Lessee upon the terms and conditions set forth herein

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows

1 **Agreement to Lease** Upon the terms and conditions herein contained, Lessor agrees to lease with the option to purchase to Lessee, and Lessee agrees to lease with the option to purchase from Lessor for the respective Lease Term (hereinafter defined), the one or more items of Equipment (the "Equipment") described in one or more Equipment Schedules (each an "Equipment Schedule" or "Schedule"), in form and substance satisfactory to Lessor, from time to time executed and delivered by Lessor and Lessee in connection herewith

2 **Lease Term** This Lease will become effective upon the execution hereof by Lessee and Lessor as of the date first above written The term of this Lease (the "Lease Term") with respect to each item of Equipment will commence on the date the Equipment is accepted pursuant to Section 3 and the respective Equipment Schedule, and unless earlier terminated as expressly provided for in this Lease, will continue for the period set forth in the applicable Equipment Schedule The Lease Term with respect to the

Equipment leased under a separate Equipment Schedule will terminate (a) upon the purchase of the Equipment by the Lessee, (b) upon payment by Lessee of the Lease Payments (hereinafter defined) required to be paid by Lessee hereunder with respect to the Equipment, or (c) as otherwise provided in this Lease Upon termination of the Lease Term as to a particular group of scheduled Equipment as a result of the occurrence of either of the events specified in (a) or (b), above, the Lease will terminate with respect to the Equipment leased under such Schedule, the security interest of the Lessor in such Equipment shall terminate, and Lessee will acquire full and unencumbered title to such Equipment free and clear of all liens and encumbrances created by or arising through or under Lessor

3 **Cost of Equipment, Delivery of Equipment, and Payment of Equipment Costs** (a) Except in the case of Equipment which has previously been acquired by the Lessee as set forth in Section 3(d) below ("Existing Equipment") the Lessee has or will enter into certain purchase agreements or purchase orders (the "Purchase Agreements") with one or more vendors (the "Vendors") of various items of Equipment to be purchased from the respective Vendors and leased hereunder Such Purchase Agreements shall provide for the delivery, installation, and purchase of the Equipment Lessee does hereby assign to Lessor all of Lessee's rights, but none of its obligations, under the Purchase Agreements, including without limitation, the right to purchase the Equipment in accordance with the terms thereof When used herein, the term "Equipment Costs" means the net purchase price payable to the respective Vendors under the respective Purchase Agreements and, in the case of Existing Equipment, the amount set forth in the respective Equipment Schedules for Existing Equipment, which shall not exceed the amount set forth in the respective Equipment Schedules and up to $3,000,000 in the aggregate, and shall not be payable or reimbursed to the Lessee,as the case may be, prior to the respective acquisition or reimbursement dates (the "Acquisition Dates") stated on the respective Equipment Schedules

(b) The Purchase Agreements shall provide that the Equipment is to be delivered to Lessee at the location (the "Equipment Location") specified in the applicable Equipment Schedule Lessee will accept the Equipment as soon as it has been delivered and is operational, or in the event that the Vendor allows a pre-acceptance test period, as soon as the test period has expired Lessee will evidence its acceptance of the Equipment by executing and delivering to Lessor an Acceptance Certificate (herein so called)

(c) Lessor agrees to make moneys available from time to time to pay such Equipment Cost when required and upon execution by the Lessor and Lessee of one or more Takedown Schedules (so called) and one or more Equipment Schedules with respect to each draw Each Takedown Schedule shall reflect an aggregation of the Lease

Payments due under one or more Equipment Schedules providing for a similar number of Lease Payments and applicable to a single acquisition date In the event the Equipment Cost exceeds $3,000,000 in the aggregate, neither Lessor nor Lessee shall be required to provide additional moneys for this purpose, but if Lessee or Lessor does not provide the additional moneys necessary to pay such Equipment Cost, certain items of Equipment shall be eliminated by Lessee so that the remaining moneys are sufficient to pay the remaining Equipment Cost therefor

(d) Lessor agrees to make moneys available from time to time to pay the Equipment Costs of Existing Equipment on the dates set forth in the Equipment Schedules for the respective Existing Equipment and upon execution by the Lessor and Lessee of one or more Takedown Schedules (so called) and one or more Equipment Schedules with respect to each draw The provisions of the second and third sentences of Section 3(c) above shall apply to the payment of the Equipment Cost of Existing Equipment The Equipment Location of Existing Equipment shall be set forth on the Equipment Schedule

4 **Lease Payments** (a) Subject to Section 5 hereof, Lessee agrees to pay to Lessor or its assignee pursuant to Section 19 hereof the Lease Payments (herein so called), equal to the amounts specified in Exhibit B to the applicable Equipment Schedule Principal installments are payable annually, a portion of each semi-annual Lease Payment is paid as, and represents payment of interest, all as set forth in the applicable Equipment Schedule The Lease Payments will be payable without notice or demand, except for the invoices hereinafter provided, at the office of Lessor (or such other place as Lessor or its assignee may from time to time designate in writing), and will commence on the first Lease Payment due date (the "Due Date") as set forth in Exhibit B to the applicable Equipment Schedule Lessor shall prepare and submit to Lessee in accordance with the Service's instructions semi-annual invoices for the Lease Payments reflected on Exhibit B to each Equipment Schedule Each consolidated invoice submitted for payment shall include on its face the Lessor's or the Lessor's assignee's Federal Tax Identification Number Consolidated payments will be made within thirty (30) days of receipt by the Lessee of approved invoices or the invoice due date, whichever is later The Lessee may make a consolidated payment of any number or all Lease Payments due on the same date Final payment will not be made until certification is received from the Comptroller of the State of Maryland that all State taxes, if any, have been paid by Lessor, or upon assignment by Lessor, the Lessor's assignee Any payments received after the Due Date may bear interest from the Due Date in accordance with Section 15-104 of the State Finance and Procurement Article, Annotated Code of Maryland Except as specifically provided in Section 5, Section 26, and Section 27 hereof, Lessee's obligation to pay the Lease Payments will be absolute and unconditional in all events and, except for the

provisions of Section 7-222 of the State Finance and Procurement Article, Annotated Code of Maryland, will not be subject to any set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever

(b) Lessor and Lessee understand and intend that the obligation of Lessee to pay the Lease Payments required hereunder shall constitute a current expense of Lessee, and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general revenues, funds , or moneys of Lessee beyond those for the purpose of acquiring the Equipment

(c) The Service reasonably believes that legally available funds can be obtained sufficient to make all Lease Payments during the Lease Term, and hereby covenants that it will do all things lawfully within its power to obtain, maintain, and pursue funds from which the Lease Payments may be made, including making provision for such payments to the extent necessary in each budget proposed for the purpose of obtaining funding, and that it will use its bona fide best efforts to obtain of the necessary funds to avoid termination pursuant to section 5 hereof by taking all appropriate action to seek adequate budgeted funds to maintain this Lease in force It is the intent of the Lessee to make the Lease Payments for the full Lease Term if funds are legally available therefor, and in that regard, Lessee represents that the use of the Equipment is essential to its proper, efficient, and economic operation

5 **<u>Sublease, Nonappropriation of Funds by Sublessee, Substitution</u>** (a) Lessee intends to sublease some or all of the Equipment leased under each separate Equipment Schedule to its Customers (the "Sublessee") under an ESC, in the form of Exhibit to the applicable Equipment Schedule Lessor hereby consents to such sublease Lessee shall not sublease to Customers which are not agencies of the State or are not political subdivisions of the State Lessee shall require each Sublessee to make Sublease Payments (herein so called) to Lessee in amounts not less than the amounts specified in Exhibit B to the applicable Equipment Schedule Such Sublease Payments shall be subject to annual appropriation of funds by the Sublessee sufficient for such purpose Except as provided in Sections 5(b) and 5(c) below, entry into such sublease shall not relieve Lessee of any of its rights or obligations under the Lease

(b) In the event sufficient funds are not appropriated in any fiscal period for Sublease Payments due Lessee for Lease Payments due hereunder, then Lessee will immediately notify the Lessor or its assignee of such occurrence and the Lease Term for all Equipment under the Equipment Schedule for which funds were not

appropriated shall terminate on the last day of the fiscal period for which appropriations were authorized without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Lease Payments herein agreed upon for which funds shall have been appropriated or are otherwise available In the event of such termination, Lessee agrees to peaceably surrender possession only of the Equipment under the Equipment Schedule for which funds were not appropriated to Lessor or its assignee on the date of such termination, packed for shipment in accordance with manufacturer's specifications Lessor will have all legal and equitable rights and remedies to take possession of such Equipment upon such termination Equipment under any Equipment Schedule for which funds have been appropriated by a Sublessee shall not be affected in any manner by the failure to appropriate funds for Equipment under any other Equipment Schedule

(c) In the event that funds are not appropriated by a Sublessee with respect to Equipment under one or more Equipment Schedules, Lessee, at its option, shall have the right, but not the obligation, to make some or all of the Lease Payments under one or more Equipment Schedules to Lessor If Lessee makes such Lease Payments to Lessor, the Lease Term under the Equipment Schedule for which funds were not appropriated shall not terminate, Lessee may retain possession of the Equipment for which Lease Payments are made, and Lessee may sublease, without further consent of Lessor, such Equipment to other Customers of Lessee

(d) In the event that funds are not appropriated with respect to Equipment under one or more Equipment Schedules or for any other reason whatsoever, Lessee shall have the right to substitute therefor other equipment of equivalent value so as to prevent termination of the Equipment Schedule

6 **Limitation on Warranties** (a) Lessee acknowledges and agrees, and shall confirm its acknowledgment and agreement on each Equipment Schedule, that the Equipment is of a size, design, and Capacity selected by the Lessee, that Lessee is satisfied that the Equipment is suitable for its purpose, that Lessor is neither a manufacturer nor a vendor of the Equipment, and that **Lessor Has Not Made, And Does Not Hereby Make, Any Representation, Warranty Or Covenant, Express Or Implied, With Respect To The Merchantability, Condition, Quality, Durability, Design, Operation, Fitness For Use, Or Suitability Of The Equipment In Any Respect Whatsoever Or In Connection With Or For The Purposes And Uses Of Lessee, Or Any Other Representation, Warranty, Or Covenant Of Any Kind Or Character, Express Or Implied, With Respect Thereto, And Lessor Shall Not Be Obligated Or Liable For Any Actual, Incidental, Consequential, Or Other Damages Of Or To Lessee Or Any Other Person Or Entity Arising Out Of Or In Connection With The Use Or Performance Of The Equipment And The Maintenance Thereof**

(b) Lessor hereby assigns to Lessee during the Lease Term, so long as no Event of Default (as hereinafter defined) has occurred and is continuing, all manufacturers' warranties, if any express or implied, with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense, and shall cooperate fully with Lessee with respect to the resolution of any claims against such warranties

7 **Representations and Warranties** (a) Lessee represents and warrants as of the date hereof, as of the date of acceptance under each Equipment Schedule, and at all times during the respective Lease Term that (i) Lessee is an "instrumentality of the State" within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such, (ii) the execution, delivery, and performance by the Lessee of this Lease, all Equipment Schedules, all Takedown Schedules, and all other documents executed in connection herewith by Lessee (all such documents shall be collectively referred to herein as the "Lease Documents"), have been duly authorized by all necessary action on the part of the Lessee, (iii) the Lease Documents constitute a legal, valid, and binding obligation of the Lessee enforceable in accordance with their respective terms, (iv) the execution and performance of the Lease Documents will not violate any judgment, order, law, or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other enqumbrance upon the Equipment (other than as contemplated by this Lease), or any assets of the Lessee pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement, or other instrument to which Lessee is a party or by which it or its assets may be bound, (v) there are no actions, suits, or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting Lessee in any court or before any governmental commission, board or authority, which, if adversely determined, will have a material, adverse effect on the ability of Lessee to perform its obligations under the Lease Documents, (vi) no governmental orders, permissions, consents, approvals, or authorizations are required to be obtained, and no registrations or declarations are required to be filed in connection with the execution and delivery of the Lease Documents, (vii) the Equipment is personal property and when subject to use by Lessee, is not intended by Lessee to be or become fixtures under the current laws of the State of Maryland presently in effect, (viii) no portion of the Equipment will be used directly or indirectly in any trade or business carried on by any person other than Lessee, and, (ix) no portion of the Equipment will be used by an organization described in Section 501 (c) (3) of the Code

(b) Lessee shall deliver to Lessor an opinion of Lessee's counsel in form and substance acceptable to Lessor as to the validity of the statements made in Subsections (i) through (vii), above A duly authorized officer of Lessee shall execute and deliver his certificate as to the validity of the statements made in subsections (viii) and (ix), above If requested by Lessor, Lessee shall deliver its certificate in form and substance acceptable to Lessor describing the facts upon which it may be determined that this Lease does not constitute an "arbitrage bond" as that term is defined in Section 148 of the Code

8 **Title** Upon Lessee's acceptance of the Equipment under an Equipment Schedule, title to the Equipment will vest in Lessee, provided, however, that (i) in the event of termination pursuant to Section 5 hereof, or (ii) upon the occurrence of an Event of Default hereunder, as long as such Event of Default is continuing, title to the Equipment will immediately vest in Lessor or its assignee

9 **Security Interest** In order to secure all of its obligations hereunder, Lessee hereby (i) grants to Lessor a first and prior security interest in any and all right, title, and interest of Lessee in the Equipment, and in all additions, attachments, and accessions thereto and substitutions thereof, and in any proceeds (including the proceeds of any insurance policy) therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and, (iii) agrees to execute and deliver all financing statements, certificates of title, and other instruments necessary, or appropriate to evidence such security interest

10 **Personal Property** The Equipment is and will remain personal property and will not be deemed to be affixed to, or be a part of, the real estate on which it may be situated notwithstanding that the Equipment or any part thereof may be or hereafter may become in any manner physically affixed or attached to real estate or any building thereon If requested by Lessor, Lessee will, at Lessee's expense, furnish a landlord or mortgagee waiver with respect to the Equipment

11 **Use, Repairs** Lessee will use the Equipment in a careful manner consistent with the use generally contemplated by the manufacturer of the Equipment and will comply with all laws, ordinances, insurance policies, and regulations relating to, and will pay all valid costs, claims, damages, fees, and charges arising out of, its possession, use, or maintenance Lessee, at its expense, will keep the Equipment in good repair, ordinary wear and tear excepted, and will furnish all parts, mechanisms, and devices required therefor

12 **Alterations** Lessee will not make any alternations or additions to the Equipment that will result in a reduction in its value without Lessor's prior written consent or unless such alteration or addition may be readily removed without damage to the Equipment

13 **Location, Inspection** The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from, the Equipment Location without Lessor's prior written consent, which consent will not be unreasonably withheld Lessor will be entitled to enter upon the Equipment Location or elsewhere during normal business hours to inspect the Equipment or observe its use and operation

14 **Liens and Taxes** Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances except those created under this Lease The parties contemplate that the Equipment will be used for a governmental purpose of Lessee and that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property In the event that the use, possession, or acquisition of the Equipment is found to be subject to taxation, Lessee shall pay when due during the Lease Term, to the extent of available appropriated funds, all charges and taxes (local, State, and federal), that now or hereafter may be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment, excluding, however, all federal and State taxes on or measured by Lessor's or its assignee's income If Lessee fails to pay said charges and taxes when due, and after delivery of written notice to Lessee, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes If Lessor pays any charges or taxes for which Lessee is liable under this agreement, Lessee shall reimburse Lessor therefor, subject only to the availability of appropriated funds

15 **Risk of Loss, Damage, Destruction, and Condemnation, Use of Net Proceeds** (a) Lessee assumes all risk of loss of, or damage to, the Equipment from any cause whatsoever, and no such loss of, or damage to, the Equipment, defect therein, or unfitness or obsolescence thereof shall relieve Lessee of its obligation to make Lease Payments or to perform any other obligation hereunder

(b) If, prior to the termination of the Lease Term, (i) the Equipment or any portion thereof is destroyed (in whole or in part), or is damaged by fire or other casualty, or (ii) title to, or the temporary use of, the Equipment or any part thereof or the estate of Lessee or Lessor in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, Lessee shall, at its option, repair restore, or replace the affected Equipment with equipment of equivalent value, or purchase the affected Equipment on the Due

Date (as set forth in the applicable Equipment Schedule) next succeeding the date of such loss at the Concluding Payment amount (the "Concluding Payment") applicable to such Due Date, plus the Lease Payment due on such date, plus any past due amounts then payable by Lessee hereunder with respect to the items of Equipment Upon any such payment, the Lease Term with respect to the items of Equipment shall terminate and Lessee will acquire full and unencumbered title to the items of Equipment

(c) If funds are not available to permit Lessee to repair, restore, replace, or purchase such Equipment in accordance with subsection (b) hereof, Lessee shall cause the Net Proceeds, as defined in Section 16 hereof, of any insurance claim or condemnation award to be applied to the payment of Lessee's obligations under this Lease Any portion of the Net Proceeds in excess of the amount required to pay in full Lessee's obligations as set forth in this subsection shall be for the account of Lessee Lessee agrees that if the Net Proceeds are insufficient to pay in full Lessee's obligations hereunder, Lessee shall, to the extent of available funds, make such payments to the extent of any deficiency

16 **Insurance** At its own expense, Lessee shall self-insure, or at its option, commercially insure, the Equipment against loss or damage due to fire and risks normally included in extended coverage, malicious mischief,and vandalism for not less than the Full Insurable Value of the Equipment Lessee may also provide insurance through any State insurance program established pursuant to Title 9, State Finance and Procurement Article As used herein, "Full Insurable Value" means the full replacement value of the Equipment or the then applicable Concluding Payment amount designated in the Equipment Schedules, whichever is less All insurance for loss or damage shall provide that losses, if any, shall be payable to Lessor and Lessee, as their interests may appear, and in the event that the Equipment suffering a loss or damage is not repaired, restored, replaced, or purchased pursuant to Section 15 hereof, Lessee shall use its best efforts to have all checks relating to any such loss delivered promptly to Lessor The Net Proceeds of the insurance required hereby shall be applied as provided in Section 15 hereof As used herein, "Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deduction of expenses (including attorneys' fees) incurred in the collection of such claim or award At the request of Lessor, Lessee shall provide written evidence of insurance

17 **Indemnification** To the extent allowed by applicable law, Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damages, or liabilities, including attorneys' fees and court costs, arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use,

operation, rejection, or return, and the recovery of claims under insurance policies thereon, unless any such action is based upon the negligence, illegal act, breach of duty, or intentional tort committed by the Lessor

18 Purchase Option Upon not less than thirty (30) days' prior written notice from Lessee to Lessor, and provided that there is no Event of Default then existing, or an event that with notice or lapse of time, or both, could become an Event of Default, Lessee will have the right to purchase Equipment leased hereunder on any payment date during the Lease Term by paying to Lessor on such date the Lease Payments then due together with the Concluding Payment amount set forth in the respective Equipment Schedule opposite such date Lessor covenants that the applicable Concluding Payment amounts do not include anticipatory profit of Lessor Upon satisfaction by Lessee of such purchase conditions, Lessor will transfer any and all of its right, title, and interest in the purchased Equipment to Lessee as is, without warranty, express or implied, except that Lessor will warrant to Lessee that the Equipment is free and clear of any liens created by or arising through or under Lessor

19 Assignment (a) Except as provided in Section 3 hereof, Lessee, without Lessor's prior written consent, will neither (i) assign, transfer, pledge, hypothecate, grant any security interest in, or otherwise dispose of this Lease, any Equipment, or any interest in this Lease or the Equipment, nor (ii) sublet or lend the Equipment

(b) Lessor may assign, in whole, its rights title, and interest in and to this Lease, including the Equipment Schedules, the Equipment, and any other documents executed with respect to this Lease, and/or grant or assign a security interest in this Lease and the Equipment after giving prior written notice to the Service Any such assignee shall have all of the rights, but none of the obligations of Lessor under this Lease other than the obligation to provide funds to Lessor in the aggregate amount of up to $3,000,000 as contemplated hereunder Subject to the foregoing, this Lease and the Equipment Schedules shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto Before assignment of Lessor's interest in this Lease, Lessor will cause written notice of such assignment to be sent to Lessee which will be sufficient if it discloses the name of the assignee and the address to which further payments hereunder should be made No further action will be required by Lessor or by Lessee to evidence the assignment of rights hereunder, but Lessee will acknowledge any such permitted assignment in writing if so requested Lessee shall retain notice of such assignment and maintain a record that identifies the owner of Lessor's interest in this Lease Upon Lessee's receipt of written notice of Lessor's assignment of its interest in this Lease, Lessee agrees to attorn to and recognize such assignee as the owner of Lessor's interest in

this Lease, and Lessee thereafter shall make such payments, including without limitation, such Lease Payments as are indicated in the notice of assignment, directly to such assignee, provided, however, that any such permitted assignment of a right to receive payment hereunder shall be accomplished in accordance with Lessee's instructions if any, regarding invoicing or other processing of Lease Payments

(c) If Lessor or its assignee subsequently sells or distributes, in fractionalized interests or participation, its interest in its right to receive payment of the aggregate amount of all Takedown Schedules for any given draw, which Lessor shall be permitted to sell or distribute without the prior consent of Lessee, Lessor or its assignee (i) shall limit the number of holders of such interests or participation to thirty-five (35) or fewer "sophisticated investors", (ii) shall issue any such interest or participation in the amount of $100,000 or more, (iii) shall maintain, on behalf of the Lessee, registration books or a book entry system with respect to the ownership and transfer of such participation or interests that complies with the requirements of Section 149(a) of the Code, (iv) shall not establish any such participation or interests in a manner that would cause interest payments on this Lease received by owners of such participation or interests to be includable in gross income for federal income tax purposes, and (v) shall provide the Lessee's Principal Counsel with a copy of all offering materials at the time any such interests or participation are offered for sale or distribution Lessor (i) shall be solely responsible for the allocation of payments received from Lessee in accordance with subsection (c) hereof among any such participants as their interests may appear, (ii) shall be solely responsible for complying with all applicable federal and state securities laws, and, (iii) shall be solely responsible for the costs and other financial or other liabilities attendant to the establishment, maintenance, and operation of the aforesaid registration books or book entry system The Lessee shall have no obligation to provide or approve any offering material or other information in connection with any such sale or distribution of fractionalized interests or participation in the right to receive Lease Payments Lessee shall be given notice of the establishment of any such registration books or book entry system and shall have the right to inspect same during normal business hours The foregoing to the contrary notwithstanding, Lessee may, at its option and expense, appoint another agent to establish, maintain, and operate the registration books or book entry system contemplated hereunder

20 **<u>Events of Default</u>** An Event of Default (herein so called) shall occur upon the happening of an event hereinafter described, but only if the Lessor shall have given the Lessee 30 days' prior written notice of the default, unless the Lessor and Lessee shall agree to an extension of such time prior to its expiration

(a) Lessee fails to make any Lease Payment as it becomes due in accordance with the terms of this Lease and the respective Equipment Schedules (except as such failure results from nonappropriation by a Sublessee of funds for such purposes),

(b) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder or under the respective Equipment Schedules, or,

(c) the discovery by Lessor that any statement, representation, or warranty made by Lessee in this Lease or in any writing delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect at the time such statement, representation, or warranty was made

21 Remedies Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Lessor, at its option, may declare this Lease to be in default by written notice to such effect to the Lessee, and thereafter Lessor may exercise any one or more of the following remedies

(a) by written notice to Lessee, declare an amount equal to all amounts then due or to become due during the then current fiscal year of Lessee under this Lease and the Equipment Schedules as to which an Event of Default occurred to be immediately due and payable, whereupon the same shall become immediately due and payable,

(b) by written notice to Lessee, request Lessee to (and Lessee agrees that it will), promptly return the Equipment described in the respective Equipment Schedule as to which an Event of Default occurred to Lessor, and Lessor may enter upon the premises where the Equipment is located and take immediate possession of and remove all or any portion of the same,

(c) sell or lease the Equipment described in the respective Equipment Schedules as to which an Event of Default occurred, or sublease it for the account of Lessee holding Lessee liable, only for the fiscal year for which appropriated funds are available for Sublease payments and only to the extent of those appropriated funds, for all Lease Payments and other payments due on or before the effective date of such selling, leasing, or subleasing, and for the difference between the purchase price, rental, and other amounts paid by the purchaser, lessee, or sublessee pursuant to such sale, lease or sublease and the amount payable by Lessee hereunder, and,

(d) exercise any other right, remedy, or privilege that may be available to it under applicable laws of the State of Maryland or any other applicable law, or proceed by appropriate legal action to enforce the terms of this Lease or to recover

damages for the breach of this Lease, or to rescind this Lease as to the Equipment

In addition, Lessee will remain liable, to the extent of available funds, for all covenants and indemnities under this Lease and for all reasonable legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor No remedy herein conferred upon or reserved to Lessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity Lessor's remedies hereunder may be exercised separately with respect to items of Equipment No delay or omission to exercise any right or power accruing upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient

22 **Lessor's Right To Perform for Lessee** If Lessee fails to perform or comply with any of its covenants contained herein, Lessor shall have the right, but shall not be obligated, to effect such performance or compliance, and the amount of any out-of-pocket expenses or other reasonable expenses of Lessor incurred in connection with the performance of, or compliance with, such covenant, together with interest thereon at the lesser of (i) the highest lawful rate permitted by applicable State law on the date of payment by Lessor, or (ii) six percent (6%) per annum shall be payable by Lessee to the extent of available funds, upon demand Lessee shall execute, endorse, and deliver to Lessor any conveyance, assignment, or other instrument in writing as may be required to vest in Lessor any right, title, or power that by the terms hereof is intended to be conveyed or conferred upon Lessor, including without limitation, (a) Uniform Commercial Code Financing Statements (including continuation statements), (b) documents and checks or drafts relating to or received in payment for any loss or damage on the insurance required hereunder, but only to the extent that same relates to the Equipment, and, (c) at such time of default or nonappropriation, upon any bill of sale, document, instrument invoice, freight bill, bill of lading, or similar document relating to the Equipment in order to vest title in Lessor and to transfer possession to Lessor within ten (10) days upon receipt of same

23 **Quiet Enjoyment of Equipment** Lessor hereby covenants to provide to Lessee during the term of this Lease quiet use and enjoyment of the Equipment, and Lessee shall during the term of this Lease peaceably and quietly have and hold and enjoy the Equipment without suit, trouble, or hindrance from Lessor except upon the occurrence of an Event of Default relating to such Equipment

24 Delivery of Related Documents Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transactions contemplated by this Lease At the request of the Lessor, Lessee will furnish current financial statements of Lessee within thirty (30) days after the date such statements become available to the public During the Lease Term and upon annual request of the Lessor, Lessee will provide to Lessor such financial information relating to the ability of Lessee to continue this Lease as reasonably may be requested by Lessor

25 Lessee's Covenants Lessee specifically covenants that it shall comply with the provisions of the Code, including, without limitation, compliance with any provisions of such law regarding the timing of the expenditure of the proceeds of this Lease, the use of such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of this Lease Lessee further covenants that it shall make such use of the proceeds of this Lease, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain exclusion from gross income for federal tax purposes of the interest portion of the Lease Payments The Lessee shall provide such certification of facts and estimates regarding the amount and use of the proceeds of this Lease as may be necessary or appropriate from time to time to comply with, or to evidence Lessee's compliance with, the covenants set forth in this Section

26 Termination for Cause If Lessor fails to fulfill its obligation under this Lease to provide funds sufficient to pay the Equipment Cost as described in Section 3 hereof properly and on time, or otherwise violates any provision of the Lease, Lessee may terminate this Lease and any or all Equipment Schedules by written notice to Lessor, provided, however, that this clause shall not be deemed to permit termination by Lessee with respect to existing Equipment Schedules The notice shall specify the acts or omissions relied upon as cause for termination Lessee shall pay Lessor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Lessor's breach If the damages are more than the compensation payable to Lessor, Lessor will remain liable after termination and Lessee can affirmatively collect damages

27 Termination for Convenience The performance of this Lease may be terminated by Lessee in accordance with this clause, in whole or in part, whenever the Lessee shall determine that such termination is in the best interest or Lessee, provided, however, that this clause shall not be deemed to permit termination by Lessee with respect to existing Equipment Schedules

28 Contingent Fee Prohibition Lessor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for Lessor, to solicit or secure this Lease, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or other consideration contingent on the making of this Lease For breach or violation of this warranty, Lessee shall have the right to annul this Lease without liability, or, in its discretion, to deduct from the consideration otherwise payable to Lessor the full amount of such commission, percentage, brokerage, or contingent fee

29 Financial Disclosure Lessor shall comply with the provisions of Section 13-221, State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, which requires that every business that enters into contracts, leases, or other agreements with the State or its agencies during a calendar year under which it is to receive in the aggregate $100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases, or other agreements reaches $100,000 file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business

30 Political Contribution Disclosure Lessor shall comply with the provisions of Article 33, Sections 30-1 through 30-4, Annotated Code of Maryland, as from time to time amended, which require that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies, or a political subdivision of the State, during a calendar year under which the person receives in the aggregate $10,000 or more, shall, on or before February 1 of the following year, file with the Secretary of State of Maryland certain specified information to include disclosure of political contributions in excess of $100 to a candidate for elective office in any primary or general election

31 Retention of Records If requested by Lessee, Lessor shall deliver to the Lessee background material prepared or obtained by Lessor incident to the performance of this Lease "Background Material" shall include, but not be limited to, work papers, notes, completed questionnaires, other printed materials, pamphlets, maps, drawings, and books acquired by Lessor during the term of this Lease and directly related to the services provided under this Lease Any proprietary computer programs of Lessor are expressly excluded from the definition of "Background Material" as used in this Section Lessor shall maintain records and documents relating to the performance of this Lease for three years following final payment hereunder or any applicable statute of limitations, whichever is longer, and shall make such records available for inspection and audit by the authorized representatives of Lessee

32 **Nondiscrimination in Employment** Lessor agrees (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment, (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract, and, (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause

33 **Compliance with Laws** Lessor hereby represents and warrants that

a it is qualified to do business in the State of Maryland and that it will take such action as, from time to time, may be necessary to remain so qualified,

b it is not in arrears with respect to the payment of any moneys due and owing the State of Maryland, or any department or unit thereof, including, but not limited to, the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Lease,

c it shall comply with all federal, State, and local laws applicable to its activities and obligations under this Lease, and

d it shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Lease

34 **Administration** This Lease shall be performed under the direction of _____, or his designee (the "Project Coordinator") All matters relating to administration and performance of this Lease shall be referred to the Project Coordinator for determination

35 **Governing Law** This Lease shall be construed, interpreted, and enforced in accordance with the laws of the State of Maryland

36 **Notices** All notices (excluding invoices and communications in the ordinary course of business) to be given under this Lease shall be in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth in the introduction to this Lease, or at such address as the party may provide in writing from time to time

37 **Section Headings** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease

38 **Entire Agreement, Modification, Severability** This Lease, together with all other Lease Documents, constitutes the entire agreement between the parties with respect to the lease of the Equipment, and the Lease Documents shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor If any terms contained in any earlier writing, agreement, or proposal conflict with the terms and conditions of this Lease, the terms and conditions of this Lease shall control Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Lease

39 **Representations** Each party to this Lease represents and warrants to the other that it has full right, power, and authority to execute this Lease

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the day and year above first written

LESSOR

BY _____

LESSEE
Maryland Environmental Service

By _____
George G Perdikakis,
Director

Approved for form and legal sufficiency
for the State of Maryland this
_____ day of _____, 1994

_____
Assistant Attorney General

(THREE YEAR)

EQUIPMENT SCHEDULE NO ___

TO

1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

THIS EQUIPMENT SCHEDULE NO ___, dated _____, 1994 (the "Equipment Schedule"), is executed by and between **[LESSOR]** ("Lessor"), and the **MARYLAND ENVIRONMENTAL SERVICE** ("Lessee")

W I T N E S S E T H

WHEREAS, Lessor and Lessee have previously entered into that certain 1994 Master Equipment Lease-Purchase Agreement dated as of _____, 1994 (the "Lease")(unless otherwise defined herein all terms having a defined meaning in the Lease shall have the same meaning when used herein), which Lease provides for the execution and delivery of one or more Equipment Schedules for the purpose of identifying the Equipment to be leased and purchased pursuant to the Lease and specifying certain terms and conditions applicable to the lease and purchase of such Equipment, and,

WHEREAS, Lessor desires to lease with an option to purchase to Lessee, and Lessee desires to lease with an option to purchase from Lessor, the items of Equipment herein described on the terms and conditions of the Lease and as herein provided

NOW, THEREFORE, in consideration of the premises, Lessor and Lessee hereby agree as follows

1 **Equipment** The items of Equipment described in Exhibit A shall be subject to the terms and conditions of the Lease and this Equipment Schedule

2 **Location of Equipment** The Equipment shall be kept at the Equipment Location (herein so called) set forth on Exhibit A

3 **Lease Term** The Lease Term (herein so called) with respect to the Equipment described herein shall commence on the date of acceptance (the "Acceptance Date") as set forth in the Acceptance Certificate (Exhibit C attached hereto), and shall continue for an initial term ending on June 30, 1995 Unless earlier terminated pursuant to the terms of the Lease, the Lease term hereunder shall automatically renew for two annual renewal terms commencing on July 1 of each year and ending on the following June 30

4 Lease Payments (a) Lessee hereby agrees to make the Lease Payments (herein so called) to Lessor in such amounts and at such times as set forth on Exhibit B

(b) Upon the exercise by Lessee of any option granted under the Lease to terminate the Lease or this Equipment Schedule prior to the expiration of the term thereof and hereof, Lessee agrees to pay to Lessor the applicable principal balance as shown on Exhibit B for the lease and purchase of the Equipment

(c) Should Lessee elect its option to prepay this Equipment Schedule prior to the expiration of the term hereof on any lease payment date, it shall provide Lessor at least thirty (30) days' prior written notice of such election Lessee's exercise of this purchase option shall be at the following percentage of the principal balance then outstanding after deduction of the Lease Payment made on the date of prepayment (the principal balance plus prepayment amount derived from the applicable percentage that follows is reflected in Exhibit B as the "Concluding Payment")

Remaining Lease Term	Prepayment Price (% of Principal Balance Then Outstanding)
Two to three years	101 0%
One to two years	100 5%
One year or less	100 0%

(d) In the event of a termination or nonrenewal of the Lease Term pursuant to Section 5, Section 18, Section 26, or Section 27 of the Lease, moneys shall be applied first to the payment of all obligations of Lessee then due and owing hereunder, and then to the payment of the principal balance or Concluding Payment, as set forth in Exhibit B, applicable at the time of such termination or nonrenewal

(e) The principal components of the Lease Payments bear interest at the total interest cost of _____% per annum

5 Representations and Warranties By execution and delivery of this Equipment Schedule, Lessee confirms that all representations and warranties contained in Section 7 of the Lease are true and correct as of the date hereof Further, Lessee represents and warrants as of the date hereof that (i) Lessee reasonably has sufficient funds legally available to pay all Lease Payments and other amounts due hereunder for the fiscal period ending on June 30 1994, and, (ii) the use of the Equipment by Lessee is essential to the Lessee's proper, efficient and economic operation and will be used for the purposes set forth on Exhibit C

6 **Limitation on Warranties** Lessee represents, warrants, acknowledges and agrees that the Equipment is of a size, design, and capability selected by Lessee, that Lessee is satisfied that the Equipment is suitable for its purpose, that Lessor is neither a manufacturer nor a vendor of the Equipment, and that **LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF**

7 **Equipment Cost** The cost of all items of Equipment described on Exhibit A shall not exceed $_____, of which the Equipment Cost (herein so called) of $_____ is financed hereunder, and shall be disbursed in such amounts and no earlier than such dates (the "Acquisition Dates") as are reflected on Exhibit A

8 **Covenants, Delivery, and Acceptance** (a) Lessee either has previously acquired the Equipment or agrees to use its best efforts to, and as of the date hereof, reasonably expects to acquire the Equipment on or before _____, 1994

(b) Lessor will cause the Equipment to be delivered to Lessee at the Equipment Location Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery of the Equipment Except in the case of Equipment previously acquired by and delivered to Lessee, Lessee will accept the Equipment as soon as it has been delivered and is operational, or in the event that the manufacturer or vendor allows a pre-acceptance test period, as soon as the test period has expired

9 **Request for Payment** Immediately following acceptance, Lessee will request that payment be made to the Vendor by executing, if required, and delivering to Lessor the following

(a) a request that payment be made to the Vendor,

(b) a true copy of the applicable purchase order or contract and, where applicable, a duplicate original of any change order approved by Lessee increasing the Equipment Cost in an amount in excess of the original purchase order price,

(c) bills of sale for any component of the Equipment for which a bill of sale may be delivered,

(d) a true copy of Vendor's statement or invoice,

(e) a duly executed Uniform Commercial Code Financing Statement with respect to the Equipment supplied by Lessor, and

(f) an Acceptance Certificate and an Equipment Use Certificate in substantially the form set forth in Exhibits C and D, respectively

10 **Request for Payment of Existing Equipment** In the case of Equipment currently owned by the Lessee, Lessee may request payment of the Equipment Cost for such Equipment by delivering to the Lessor the items described in (c) and (e) of Section 9 above Payments by Lessor for such Equipment shall be made directly to the Lessee

11 **Payment** Upon receipt of the items required by Section 9 or 10, hereof, as the case may be, in a form acceptable to Lessor, Lessor shall make payment to the Vendor or the Lessee, as the case may be, and shall certify the fact of such payment to Lessee (in the case of payment to the Vendor)

IN WITNESS WHEREOF, Lessee and Lessor have executed this Equipment Schedule as of the date and year first above written

MARYLAND ENVIRONMENTAL SERVICE

By _____
GEORGE G PERDIKAKIS
Director

[LESSOR]

By _____
[Name]
[Title]

EXHIBIT A

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

Vendor	Equipment Cost	Amount Financed	Acquisition Date

(SEE ATTACHED INVOICES)

EQUIPMENT LOCATION

EXHIBIT B

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

ANNUITY SCHEDULE COST $_____

PV OF ANNUITY _____ YEARS _____

LEASE PAYMENT $_____

INTEREST _____%

Due Date	Lease Payment	Interest	Principal	Concluding Payment
10/01/94	$	$	$	$

EXHIBIT C

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

ACCEPTANCE CERTIFICATE

In accordance with the terms of the Equipment Schedule, Lessee hereby certifies and represents to, and agrees with, Lessor as follows

A The Equipment described on Exhibit A has been delivered and installed at the Equipment Location specified in Exhibit A, and such delivery and installation has been completed on or before the date hereof

B Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes effective the date hereof

C The Equipment described in Exhibit A is essential to the proper, efficient, and economic operations of the Maryland Environmental Service The Equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the permissible scope of Lessee's authority

MARYLAND ENVIRONMENTAL SERVICE

By _____
(Name)
(Title)
(Phone)

Date _____, 19__

EXHIBIT D

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

EQUIPMENT USE CERTIFICATE

1 Will all proceeds of this financing of your Agency's Equipment be used to make payment to the vendor(s) of that Equipment?

Yes _____ No _____

If your answer to Question 1 is "no", please complete parts (a) and (b), if your answer to Question 1 is "yes", please go to Question 2

1 (a) What is the amount of proceeds of this financing that will not be used to make payment to the Equipment vendor(s)?
$_____

1 (b) What is the intended use of financing proceeds that will not be paid to the Equipment vendor(s)? _____
_____
_____
(Total amount must equal amount identified in response to Question 1 (a))

2 Will any item(s) of Equipment to be financed be used by any person or organization other than the State or the Agency? (For purposes of this question, property should be considered "used by any person or organization" if such person or organization owns, leases, occupies, manages, or in any other way uses or receives benefits from the Equipment)

Yes _____ No _____

If your answer to Question 2 is "yes", please complete parts (a) through (f), if your answer to Question 2 is "no", please go to Question 3

2 (a) Please indicate the item(s) of Equipment and cost thereof that will be used by any person or organization other than the State or the Agency _____
_____

2 (b) Please describe the use _____

_____

2 (c) Will the person or organization use the item(s) of Equipment on an equal basis with the general public? (For purposes of this question, "general public" would include an Agency's clients, students, and other similar user classes that are granted use of the Equipment on a nondiscriminatory basis such as first-come-first-served, lottery, etc)

Yes _____ No _____

2 (d) If "yes" to Question 2 (c), please describe

(i) The user class _____

(ii) The basis for user selection _____

_____

2 (e) Will there be any direct or indirect payments by any person or organization (other than the State or the Agency) back to the State, any of its agencies, or any other governmental unit with respect to the use of any item(s) of Equipment to be financed? (Direct or indirect payments may take the form of loan repayments, rental payments for the use of the Equipment, commissions, profit sharing, etc)

Yes _____ No _____

2 (f) If yes to Question 2 (e), please describe the payments

_____

_____

_____

3 Will any proceeds of this financing be used to provide temporary financing in anticipation of the receipt of other moneys (for example, a federal grant) that are expected to be received for the lease or purchase of item(s) of Equipment to be financed by this financing?

Yes _____ No _____

3 (a) If yes to Question 3 , please describe the other funds that are anticipated, including the expected amount and date of their receipt _____

_____

_____

4 Will any of the proceeds of this Equipment financing be used to pay the principal of, or interest on, any prior issue of governmental obligations such as bonds, equipment leases, installment sales agreements, or the like?

Yes _____ No _____

4 (a) If yes to Question 4 , please describe the prior issue(s) of governmental obligations _____

_____

_____

5 Will any of the proceeds of this Equipment financing be used to replace any proceeds of an earlier issue of governmental obligations, including an earlier equipment lease, that (i) was issued to finance the same item(s) of Equipment, and (ii) the proceeds of which were not expended on the item(s) of Equipment?

Yes _____ No _____

5 (a) If yes to Question 5, please describe the prior proceeds to be replaced, the item(s) of Equipment affected, and the cost thereof _____

_____

_____

I HEREBY CERTIFY that I am responsible for approving or authorizing payments for the items to be financed by this Equipment Schedule

MARYLAND ENVIRONMENTAL SERVICE

By _____

(Name)
(Title)
(Phone)

Date _____, 19__

(FIVE YEAR)

EQUIPMENT SCHEDULE NO ___

TO

1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

THIS EQUIPMENT SCHEDULE NO ___, dated _____, 1994 (the "Equipment Schedule"), is executed by and between **[LESSOR]** ("Lessor"), and the **MARYLAND ENVIRONMENTAL SERVICE** ("Lessee")

W I T N E S S E T H

WHEREAS, Lessor and Lessee have previously entered into that certain 1994 Master Equipment Lease-Purchase Agreement dated as of _____, 1994 (the "Lease")(unless otherwise defined herein all terms having a defined meaning in the Lease shall have the same meaning when used herein), which Lease provides for the execution and delivery of one or more Equipment Schedules for the purpose of identifying the Equipment to be leased and purchased pursuant to the Lease and specifying certain terms and conditions applicable to the lease and purchase of such Equipment, and,

WHEREAS, Lessor desires to lease with an option to purchase to Lessee, and Lessee desires to lease with an option to purchase from Lessor, the items of Equipment herein described on the terms and conditions of the Lease and as herein provided

NOW, THEREFORE, in consideration of the premises, Lessor and Lessee hereby agree as follows

1 **Equipment** The items of Equipment described in Exhibit A shall be subject to the terms and conditions of the Lease and this Equipment Schedule

2 **Location of Equipment** The Equipment shall be kept at the Equipment Location (herein so called) set forth on Exhibit A

3 **Lease Term** The Lease Term (herein so called) with respect to the Equipment described herein shall commence on the date of acceptance (the "Acceptance Date") as set forth in the Acceptance Certificate (Exhibit C attached hereto), and shall continue for an initial term ending on June 30, 1995 Unless earlier terminated pursuant to the terms of the Lease, the Lease term hereunder shall automatically renew for four annual renewal terms commencing on July 1 of each year and ending on the following June 30

4 Lease Payments (a) Lessee hereby agrees to make the Lease Payments (herein so called) to Lessor in such amounts and at such times as set forth on Exhibit B

(b) Upon the exercise by Lessee of any option granted under the Lease to terminate the Lease or this Equipment Schedule prior to the expiration of the term thereof and hereof, Lessee agrees to pay to Lessor the applicable principal balance as shown on Exhibit B for the lease and purchase of the Equipment

(c) Should Lessee elect its option to prepay this Equipment Schedule prior to the expiration of the term hereof on any lease payment date, it shall provide Lessor at least thirty (30) days' prior written notice of such election Lessee's exercise of this purchase option shall be at the following percentage of the principal balance then outstanding after deduction of the Lease Payment made on the date of prepayment (the principal balance plus prepayment amount derived from the applicable percentage that follows is reflected in Exhibit B as the "Concluding Payment")

Remaining Lease Term	Prepayment Price (% of Principal Balance Then Outstanding)
Four to five years	102 0%
Three to four years	101 5%
Two to three years	101 0%
One to two years	100 5%
One year or less	100 0%

(d) In the event of a termination or nonrenewal of the Lease Term pursuant to Section 5, Section 18, Section 26, or Section 27 of the Lease, moneys shall be applied first to the payment of all obligations of Lessee then due and owing hereunder, and then to the payment of the principal balance or Concluding Payment, as set forth in Exhibit B, applicable at the time of such termination or nonrenewal

(e) The principal components of the Lease Payments bear interest at the total interest cost of _____% per annum

5 Representations and Warranties By execution and delivery of this Equipment Schedule, Lessee confirms that all representations and warranties contained in Section 7 of the Lease are true and correct as of the date hereof Further, Lessee represents and warrants as of the date hereof that (i) Lessee reasonably has sufficient funds legally available to pay all Lease Payments and other amounts due hereunder for the fiscal period ending on June 30, 1994, and, (ii) the use of the Equipment by Lessee is essential to the Lessee's proper, efficient and economic operation and will be used for the purposes set forth on Exhibit C

6 **Limitation on Warranties** Lessee represents, warrants, acknowledges and agrees that the Equipment is of a size, design, and capability selected by Lessee, that Lessee is satisfied that the Equipment is suitable for its purpose, that Lessor is neither a manufacturer nor a vendor of the Equipment, and that **LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF**

7 **Equipment Cost** The cost of all items of Equipment described on Exhibit A shall not exceed $_____, of which the Equipment Cost (herein so called) of $_____ is financed hereunder, and shall be disbursed in such amounts and no earlier than such dates (the "Acquisition Dates") as are reflected on Exhibit A

8 **Covenants, Delivery, and Acceptance** (a) Lessee either has previously acquired the Equipment or agrees to use its best efforts to, and as of the date hereof, reasonably expects to acquire the Equipment on or before _____, 1994

(b) Lessor will cause the Equipment to be delivered to Lessee at the Equipment Location Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery of the Equipment Except in the case of Equipment previously acquired by and delivered to Lessee, Lessee will accept the Equipment as soon as it has been delivered and is operational, or in the event that the manufacturer or vendor allows a pre-acceptance test period, as soon as the test period has expired

9 **Request for Payment** Immediately following acceptance, Lessee will request that payment be made to the Vendor by executing, if required, and delivering to Lessor the following

(a) a request that payment be made to the Vendor,

(b) a true copy of the applicable purchase order or contract and, where applicable, a duplicate original of any change order approved by Lessee increasing the Equipment Cost in an amount in excess of the original purchase order price,

(c) bills of sale for any component of the Equipment for which a bill of sale may be delivered,

(d) a true copy of Vendor's statement or invoice,

(e) a duly executed Uniform Commercial Code Financing Statement with respect to the Equipment supplied by Lessor, and

(f) an Acceptance Certificate and an Equipment Use Certificate in substantially the form set forth in Exhibits C and D, respectively

10 **Request for Payment for Existing Equipment** In the case of Equipment currently owned by the Lessee, Lessee may request payment of the Equipment Costs for such Equipment by delivering to the Lessor the items described in (c) and (e) of Section 9 above Payment by Lessor for such Equipment shall be made directly to the Lessee

11 **Payment** Upon receipt of the items required by Section 9 or 10 hereof, as the case may be, in a form acceptable to Lessor, Lessor shall make payment to the Vendor, and shall certify the fact of such payment to Lessee (in the case of payment to the Vendor)

IN WITNESS WHEREOF, Lessee and Lessor have executed this Equipment Schedule as of the date and year first above written

MARYLAND ENVIRONMENTAL SERVICE

By _____
GEORGE G PERDIKAKIS
Director

[LESSOR]

By _____
[Name]
[Title]

EXHIBIT A

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

Vendor	Equipment Cost	Amount Financed	Acquisition Date

(SEE ATTACHED INVOICES)

EQUIPMENT LOCATION

EXHIBIT B

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

ANNUITY SCHEDULE COST $_____

PV OF ANNUITY _____ YEARS _____

LEASE PAYMENT $_____

INTEREST _____%

Due Date	Lease Payment	Interest	Principal	Concluding Payment
10/01/94	$	$	$	$

EXHIBIT C

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

ACCEPTANCE CERTIFICATE

In accordance with the terms of the Equipment Schedule, Lessee hereby certifies and represents to, and agrees with, Lessor as follows

A The Equipment described on Exhibit A has been delivered and installed at the Equipment Location specified in Exhibit A, and such delivery and installation has been completed on or before the date hereof

B Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes effective the date hereof

C The Equipment described in Exhibit A is essential to the proper, efficient, and economic operations of the Maryland Environmental Service The Equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the permissible scope of Lessee's authority

MARYLAND ENVIRONMENTAL SERVICE

By _____
(Name)
(Title)
(Phone)

Date _____, 19__

EXHIBIT D

TO

EQUIPMENT SCHEDULE NO _____

TO 1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

EQUIPMENT USE CERTIFICATE

1 Will all proceeds of this financing of your Agency's Equipment be used to make payment to the vendor(s) of that Equipment?

Yes _____ No _____

If your answer to Question 1 is "no", please complete parts (a) and (b), if your answer to Question 1 is "yes", please go to Question 2

1 (a) What is the amount of proceeds of this financing that will <u>not</u> be used to make payment to the Equipment vendor(s)?
$_____

1 (b) What is the intended use of financing proceeds that will not be paid to the Equipment vendor(s)? _____

_____

_____

(Total amount must equal amount identified in response to Question 1 (a))

2 Will any item(s) of Equipment to be financed be used by any person or organization other than the State or the Agency? (For purposes of this question, property should be considered "used by any person or organization" if such person or organization owns, leases, occupies, manages, or in any other way uses or receives benefits from the Equipment)

Yes _____ No _____

If your answer to Question 2 is "yes", please complete parts (a) through (f), if your answer to Question 2 is "no", please go to Question 3

2 (a) Please indicate the item(s) of Equipment and cost thereof that will be used by any person or organization other than the State or the Agency _____

_____

2 (b) Please describe the use _____

_____

2 (c) Will the person or organization use the item(s) of Equipment on an equal basis with the general public? (For purposes of this question, "general public" would include an Agency's clients, students, and other similar user classes that are granted use of the Equipment on a nondiscriminatory basis such as first-come-first-served, lottery, etc)

Yes _____ No _____

2 (d) If "yes" to Question 2 (c), please describe

(i) The user class _____

(ii) The basis for user selection _____

_____

2 (e) Will there be any direct or indirect payments by any person or organization (other than the State or the Agency) back to the State, any of its agencies, or any other governmental unit with respect to the use of any item(s) of Equipment to be financed? (Direct or indirect payments may take the form of loan repayments, rental payments for the use of the Equipment, commissions, profit sharing, etc)

Yes _____ No _____

2 (f) If yes to Question 2 (e), please describe the payments

_____

_____

_____

3 Will any proceeds of this financing be used to provide temporary financing in anticipation of the receipt of other moneys (for example, a federal grant) that are expected to be received for the lease or purchase of item(s) of Equipment to be financed by this financing?

Yes _____ No _____

3 (a) If yes to Question 3 , please describe the other funds that are anticipated, including the expected amount and date of their receipt _____

_____

_____

4 Will any of the proceeds of this Equipment financing be used to pay the principal of, or interest on, any prior issue of governmental obligations such as bonds, equipment leases, installment sales agreements, or the like?

Yes _____ No _____

4 (a) If yes to Question 4 , please describe the prior issue(s) of governmental obligations _____

_____

_____

5 Will any of the proceeds of this Equipment financing be used to replace any proceeds of an earlier issue of governmental obligations, including an earlier equipment lease, that (i) was issued to finance the same item(s) of Equipment, and (ii) the proceeds of which were not expended on the item(s) of Equipment?

Yes _____ No _____

5 (a) If yes to Question 5, please describe the prior proceeds to be replaced, the item(s) of Equipment affected, and the cost thereof _____

_____

_____

I HEREBY CERTIFY that I am responsible for approving or authorizing payments for the items to be financed by this Equipment Schedule

MARYLAND ENVIRONMENTAL SERVICE

By _____

(Name)
(Title)
(Phone)

Date _____, 19__

MARYLAND ENVIRONMENTAL SERVICE

EQUIPMENT SUPPLY CONTRACT

SUBLEASE TO MES MASTER LEASE-PURCHASE AGREEMENT

THIS EQUIPMENT SUPPLY CONTRACT AND SUBLEASE (the "Sublease") entered into **this** _____ **day of** _____, **1994,** by and between the

MARYLAND ENVIRONMENTAL SERVICE
2011 Commerce Park Drive
Annapolis, Maryland 21401
hereinafter ("Sublessor")
and

_____
_____
_____
hereinafter the ("Sublessee")

WHEREAS, the Sublessor is a body politic and corporate constituted as an instrumentality of the State of Maryland, and

WHEREAS, the Sublessee is {an agency of the State of Maryland} {a political subdivision of the State}, and

WHEREAS, the Sublessee has requested the Sublessor to supply Sublessee with certain equipment (the "Equipment") more fully described herein, and

WHEREAS, the Sublessor can supply the Equipment by subleasing it to Sublessee, with an option to purchase, under a Master Equipment Lease-Purchase Agreement (the "Lease Agreement") between Sublessor and _____ (the "Lessor"), and

WHEREAS, the Sublessee has agreed to sublease the Equipment from Sublessor, with an option to purchase

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained be it agreed by and between the parties hereto as follows

1 **AGREEMENT TO SUBLEASE** Upon the terms and conditions herein contained, Sublessor agrees to lease with the option to purchase to Sublessee, and Sublessee agrees to lease with the option to purchase from Sublessor for the respective Sublease Term (hereinafter defined), the following items of Equipment

Type _____

Make _____

Model _____

Serial No _____

Cost _____

Acquisition Date _____

Equipment Location _____

as further identified in the copies of invoices which are attached hereto as Exhibits ___ and ___ The parties hereto understand and agree that the Equipment is being subleased in connection with a Project, as that term is defined in Section 3-101(k) of the Natural Resources Article of the Annotated Code of Maryland, as amended

2 **SUBLEASE TERM** This Sublease will become effective upon the execution hereof by Sublessor and Sublessee as of the date first written above The term of this Sublease (the "Sublease Term") shall commence on the date of acceptance (the "Acceptance Date"), which date shall be the date that Sublessor notifies Lessor that the Equipment has been accepted by Sublessee and Sublessor The Sublease Term shall continue for an initial term ending on __ _____, 1995 Unless earlier terminated pursuant to the terms of the Sublease, the Sublease Term shall automatically renew for ____ annual renewal terms commencing on _____ of each year and ending on the following _____ The Sublease Term will also terminate (a) upon the purchase of the Equipment by the Sublessee, (b) upon payment be Sublessee of the Sublease Payments (hereinafter defined) required to be paid by the Sublessee hereunder with respect to the Equipment

3 **COST OF EQUIPMENT, DELIVERY OF EQUIPMENT, AND PAYMENT OF EQUIPMENT COSTS** (a) The Sublessor either (i) has or will acquire Equipment with its own funds or (ii) has or will enter into certain purchase agreements or purchase orders (the "Purchase Agreements") with one or more vendors (the "Vendors") of various items of Equipment to be purchased from the respective Vendors and leased hereunder Such Purchase Agreements shall provide for the delivery, installation, and purchase of the Equipment When used herein, the term "Equipment Costs" means, in the case of Equipment acquired by Sublessor with its own funds, the cost of acquisition of such Equipment, or in the case of all other Equipment, the net purchase price payable to the respective Vendors under the respective Purchase Agreements as well as any moneys payable to Sublessor in reimbursement of down payments, progress payments, or other like advances paid by Sublessor to the Vendors, which total

sum shall not be payable prior to the Acquisition Date stated above

(b) The Purchase Agreements shall provide that the Equipment is to be delivered to Sublessee at the Equipment Location specified above Sublessee will pay all transportation and other costs, if any, incurred in connection with the delivery of the Equipment The parties agree to accept the Equipment as soon as it has been delivered and is operational, or in the event that the Vendor allows a pre-acceptance test period, as soon as the test period has expired

(c) Immediately following acceptance Sublessor will request that payment be made by Lessor to the Vendor If, for any reason, Sublessor makes payment directly to the Vendor, it shall do so immediately upon receipt of funds from Lessor

4 **SUBLEASE PAYMENTS, ADMINISTRATIVE FEE** (a) Subject to Section 4 hereof, Sublessee agrees to pay to Sublessor or its assignee the Sublease Payments (herein so called), equal to the amounts specified in Exhibit ___ to this Equipment Supply Contract Principal installments are payable monthly, a portion of each monthly Sublease Payment is paid as, and represents payment of interest, all as set forth in Exhibit _____ In addition, Sublessee will pay Sublessor upon request, the legal, accountanting and other professionsal and administrative costs incurred by the Sublessor in connection with financing the acquisition of the Equipment under the Lease Agreement The Sublease Payments will be payable without notice or demand at the office of Sublessor (or such other place as Sublessor or its assignee may from time to time designate in writing), and will commence on the first Lease Payment due date (the "Due Date") as set forth in Exhibit _____ If Sublease Payments are included in an operating project budget approved by the Sublessee, then the Service shall include the Sublease payments in any invoice submitted to the Sublessee for operating project expenses incurred by the Sublessor If the Sublease Payments are the only obligation of the Sublessee to the Sublessor, then Sublessor shall prepare and submit to Sublessee monthly invoices for the Sublease Payment reflected on Exhibit ___ Each invoice submitted for payment shall include on its face the Sublessor's or the Sublessor's assignee's Federal Tax Identification Number The Sublessor may prepare and provide to the Sublessee invoices for the entire term of the Sublease at the time of execution of the Sublease by the Parties Payments will be made within thirty (30) days of receipt by the Sublessee of the invoice The Sublessee may make a consolidated payment of any number or all Lease Payments due on the same date Any payments received after the Due Date may bear interest from the Due Date in accordance with Section 15-104 of the State Finance and Procurement Article, Annotated Code of Maryland Except as specifically provided in Section 4, Section 26 and Section 27 hereof Sublessee's obligation to pay the Lease Payments will be absolute

and unconditional in all events and, except for the provisions of Section 7-222 of the State Finance and Procurement Article, Annotated Code of Maryland, will not be subject to any set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever

(b) Sublessor and Sublessee understand and intend that the obligation of Sublessee to pay the Sublease Payments required hereunder shall constitute a current expense of Sublessee, subject to appropriated funds, and shall not in any way be construed to be a debt of Sublessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Sublessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of Sublessee beyond those appropriated for the purposes of acquiring the Equipment

(c) It is the intent of the Sublessee to make the Sublease Payments for the full Sublease Term if funds are appropriated and legally available therefor, and in that regard Sublessee represents that the use of the Equipment is essential to its proper, efficient and economic operation

(d) In addition to the Sublease Payments due hereunder, Sublessee will also pay to Sublessor an Administrative Fee (herein so called), equal to _____% of the Equipment Costs The Administrative Fee shall be due and payable on a montly basis in the same manner as the Sublease Payments

5 **NONAPPROPRIATION OF FUNDS** In the event sufficient funds are not appropriated in any fiscal period for Sublease payments due hereunder, then Sublessee will immediately notify the Sublessor or its assignee of such occurrence and the Sublease Term for the Equipment shall terminate on the last day of the fiscal period for which appropriations were authorized without penalty or expense to Sublessee of any kind whatsoever, except as to the portions of Sublease Payments herein agreed upon for which funds shall have been appropriated or are otherwise available In the event of such termination, Sublessee agrees to peaceably surrender possession of all Equipment under the Equipment Schedule for which funds were not appropriated to Sublessor or its assignee on the date os such termination, packed for shipment in accordance with manufacturer's specifications Sublessor will have all legal and equitable rights and remedies to take possession of the Equipment upon such termination

6 **LIMITATION ON WARRANTIES** Sublessee acknowledges and agrees that the Equipment is of a size, design and capacity selected by the Sublessee, that Sublessee is satisfied that the Equipment is suitable for its purpose, that neither Lessor or Sublessor is a manufacturer or vendor of the Equipment, and that **NEITHER LESSOR OR SUBLESSOR HAVE MADE, DO NOT HEREBY MAKE, ANY**

REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND NEITHER LESSOR OR SUBLESSOR SHALL BE OBLIGATED OR LIABLE FOR ANY ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO SUBLESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF

(b) Sublessor hereby assigns to Sublessee during the Sublease Term, so long as no Event of Default (as hereinafter defined) has occurred and is continuing, all manufacturers' warranties, if any, express or implied, with respect to the Equipment, and Sublessor authorizes Sublessee to obtain the customary services furnished in connection with such warranties at Sublessee's expense and shall cooperate fully with Sublessee with respect to the resolution of any claims against such warranties

7 **REPRESENTATIONS AND WARRANTIES** (a) Sublessee represents and warrants as of the date hereof, as of the date of acceptance of the Equipment, and at all times during the Sublease Term that (i) Sublessee is a "state" or "political subdivision" within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such, (ii) the execution, delivery and performance by the Sublessee of this Sublease and all documents executed in connection herewith by Sublessee (the Sublease and all such documents shall be collectively referred to herein as the "Sublease Documents"), have been duly authorized by all necessary action on the part of the Sublessee, (iii) the Sublease Documents constitute a legal, valid, and binding obligation of the Sublessee enforceable in accordance with their respective terms, (iv) the entering into and performance of the Lease Documents will not violate any judgment, order, law or regulation applicable to Sublessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon the Equipment (other than as contemplated by this Sublease), or any assets of the Sublessee pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement, or other instrument to which Sublessee is a party or by which it or its assets may be bound, (v) there are no actions, suits, or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting Sublessee in any court or before any governmental commission board, or authority, which, if adversely determined, will have a material, adverse effect on the ability of Sublessee to perform its obligations under the Sublease Documents, (vi) no governmental orders, permissions, consents, approvals, or authorizations are required to be obtained, and no registrations or

declarations are required to be filed in connection with the execution and delivery of the Lease Documents, (vii) the Equipment is personal property and when subject to use by Sublessee, will not be or become fixtures under the laws of the State of Maryland, (viii) no portion of the Equipment will be used directly or indirectly in any trade or business carried on by any person other than Sublessee, and, (ix) no portion of the Equipment will be used by an organization described in Section 501(c)(3) of the Code

(b) Sublessee shall deliver to Sublessor an opinion of Sublessee's counsel in form and substance acceptable to Sublessor as to the validity of the statements made in subsections (i) through (vi), above A duly authorized officer of Sublessee shall execute and deliver his or her certificate as to the validity of the statements made in subsections (vii) through (ix), above If requested by Sublessor, Sublessee shall deliver its certificate in form and substance acceptable to Sublessor describing the facts upon which it may be determined that this Sublease does not constitute an "arbitrage bond" as that term is defined in Section 148 of the Code

8 TITLE Upon acceptance of the Equipment by Sublessor and Sublessee, title to the Equipment will vest in Sublessor In the event Sublessee exercises the Purchase Option hereunder, Sublessor shall immediately transfer its Title to the Equipment in accordance with the terms of Section 18 of this Sublease

9 SECURITY INTEREST In order to secure all of its obligations hereunder, Sublessee hereby (i) grants to Sublessor a first and prior security interest in any and all right, title, and interest of Sublessee in the Equipment, and in all additions, attachments, and accessions thereto and substitutions thereof, and in any proceeds (including the proceeds of any insurance policy) therefrom, (ii) agrees that this Sublease may be filed as a financing statement evidencing such security interest, and, (iii) agrees to execute and deliver all financing statements, certificates of title, and other instruments necessary or appropriate to evidence such security interest

10 PERSONAL PROPERTY The Equipment is and will remain personal property and will not be deemed to be affixed to, or be a part of, the real estate on which it may be situated notwithstanding that the Equipment or any part thereof may be or hereafter may become in any manner physically affixed or attached to real estate or any building thereon If requested by Sublessor Sublessee will, at Sublessee's expense, furnish a landlord or mortgagee waiver with respect to the Equipment

11 USE, REPAIRS Sublessee will use the Equipment in a careful manner consistent with the use contemplated by the manufacturer of the Equipment and will comply with all laws, ordinances, insurance policies, and regulations relating to and

will pay all costs, claims, damages, fees, and charges arising out of, its possession, use, or maintenance Sublessee, at its expense, will keep the Equipment in good repair, ordinary wear and tear excepted, and furnish all parts, mechanisms, and devices required therefor

12 **ALTERATIONS** Sublessee will not make any alterations or additions to the Equipment that will result in a reduction in its value without Sublessor's prior written consent or unless such alteration or addition may be readily removed without damage to the Equipment

13 **LOCATION, INSPECTION** The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from, the Equipment Location without Lessor's and Sublessor's prior written consent, which consent of Sublessor will not be unreasonably withheld Sublessor will be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation

14 **LIENS AND TAXES** Sublessee shall keep the Equipment free and clear of all levies, liens, and encumbrances except those created under this Sublease The parties contemplate that the Equipment will be used for a governmental purpose of Sublessee and that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property In the event that the use, possession, or acquisition of the Equipment is found to be subject to taxation, Sublessee shall pay when due all charges and taxes (local, State, and federal), that now or hereafter may be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment, excluding, however, all federal and State taxes on or measured by Sublessor's or its assignee's income If Sublessee fails to pay said charges and taxes when due, and after delivery of written notice to Sublessee, Sublessor shall have the right, but shall not be obligated, to pay said charges and taxes If Sublessor pays any charges or taxes for which Sublessee is liable under this agreement, Sublessee shall reimburse Sublessor therefor

15 **RISK OF LOSS, DAMAGE, DESTRUCTION, AND CONDEMNATION, USE OF NET PROCEEDS** (a) Sublessee assumes all risk of loss of, or damage to, the equipment from any cause whatsoever, and no such loss of, or damage to, the Equipment, defect therein, or unfitness or obsolescence thereof shall relieve Sublessee of its obligation to make Sublease Payments or to perform any other obligations hereunder

(b) If, prior to the termination of the Sublease Term (i) the Equipment or any portion thereof is destroyed (in whole or in part), or is damaged by fire or other casualty, or (ii) title to, or the temporary use of, the Equipment or any part thereof or

the estate of Sublessee or Sublessor in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, Sublessee shall, at its option, repair, restore, replace with equipment of equivalent value, or purchase the affected Equipment on the Due Date (as set forth in Exhibit _____) next succeeding the date of such loss at the Concluding Payment amount (the "Concluding Payment") applicable to such Due Date, plus the Sublease Payment due on such date, plus any other amounts then payable by Sublessee hereunder with respect to such items of Equipment Upon any such payment, the Sublease Term with respect to such items of Equipment shall terminate, and Sublessee will acquire full and unencumbered title to such items of Equipment

16 **INSURANCE** At its own expense Sublessee shall self-insure, or at its option, commercially insure, the Equipment against loss or damage due to fire and risks normally included in extended coverage, malicious mischief, and vandalism for not less than the Full Insurable Value of the Equipment As used herein, "Full Insurable Value" means the full replacement value of the Equipment or the then applicable Concluding Payment amount designated in Exhibit _____, whichever is less All insurance for loss or damage shall provide that losses, if any, shall be payable to Sublessor and Sublessee, as their interests may appear, and in the event that the Equipment suffering a loss or damage is not repaired, restored, replaced, or purchased pursuant to Section 15 thereof, Sublessee shall use its best efforts to have all checks relating to any such loss delivered promptly to Sublessor, in which event any portion of the Net Proceeds in excess of the amount required to pay in full Sublessee's obligations with respect to the item or items of Equipment represented thereby shall be promptly remitted to the Sublessee As used herein, "Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deduction of expenses (including attorneys' fees) incurred in the collection of such claim or award At the request of Sublessor, Sublessee shall provide written evidence of insurance

17 **INDEMNIFICATION** To the extent allowed by applicable law, Sublessee shall indemnify Sublessor and Lessor against, and hold Sublessor and Lessor harmless from, any and all claims, actions, proceedings, expenses, damages, or liabilities, including attorneys' fees and court costs, arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation, rejection, or return, and the recovery of claims under insurance policies thereon, unless any such action is based upon the gross negligence, illegal act, breach of duty, or intentional tort committed by the Sublessor or Lessor

18 PURCHASE OPTION In addition to the rights of the Sublessee under Section 26 hereof, upon not less than forty-five (45) days' prior written notice from Sublessee to Sublessor, and provided that there is no Event of Default then existing, or an event that with notice or lapse of time, or both, could become an Event of Default, Sublessee will have the right to purchase Equipment leased hereunder on any payment date during the Sublease Term by paying to the Sublessor on such date the Sublease Payments then due together with the Concluding Payment amount set forth in the respective Equipment Schedule opposite such date, and applicable prepayment penalties, if any Sublessor covenants that the applicable Concluding Payment amounts do not include anticipatory profit of Sublessor Immediately upon the written notice being provided to Sublessor, Sublessor shall provide written notice to Lessor of Sublessee's intent to purchase the Equipment Upon satisfaction by Sublessee of such purchase conditions, and upon approval and transfer by the Lessor, Sublessor will transfer any and all of its right, title, and interest in the purchased Equipment to Sublessee as is, without warranty, express or implied, except that Sublessor will warrant to Sublessee that the Equipment is free and clear of any liens created by or arising through or under Sublessor

19 ASSIGNMENT (a) Sublessee will not assign, transfer, pledge, hypothecate, grant any security interest in, or otherwise dispose of this Sublease, any Equipment, or any interest in this Sublease or the Equipment, without the Sublessor's prior written consent

(b) Sublessor may assign its rights, title, and interest in and to this Sublease, the Equipment, and any other documents executed with respect to this Sublease, and/or grant or assign a security interest in this Sublease and the Equipment only with the prior written consent of the Sublessee, which consent shall not be unreasonably withheld Any such assignee shall have all of the rights, but none of the obligations of Sublessor under this Sublease Subject to the foregoing, this Sublease shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto Before assignment of Sublessor's interest in this Sublease, Sublessor will cause written notice of such assignment to be sent to Sublessee which will be sufficient if it discloses the name of the assignee and the address to which further payments hereunder should be made No further action will be required by Sublessor or by Sublessee to evidence the assignment of rights hereunder, but Sublessee will acknowledge any such permitted assignment in writing if so requested Sublessee shall retain notice of such assignment and maintain a record that identifies the owner of Sublessor's interest in this Sublease Upon Sublessee's receipt of written notice of Sublessor's assignment of its interest in this Sublease, Sublessee agrees to attorn to and recognize such assignee as the owner of Sublessor's interest in this Sublease, and Sublessee thereafter shall make such payments, including without

limitation, such Sublease Payments as are indicated in the notice of assignment, directly to such assignee, provided, however, that any such permitted assignment of a right to receive payment hereunder shall be accomplished in accordance with Sublessee's instructions, if any, regarding invoicing or other processing of Sublease Payments

20 **EVENTS OF DEFAULT** The term "Event of Default", as used herein, means the occurrence of any one or more of the following events

(a) Sublessee fails to make any Sublease Payment as it becomes due in accordance with the terms of this Sublease,

(b) Sublessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder, and such failure is not cured within thirty (30) days after receipt of written notice thereof from Sublessor unless Sublessor shall agree to an extension of such time prior to its expiration, or,

(c) The discovery by Sublessor that any statement, representation, or warranty made by Sublessee in this Sublease or in any writing delivered by Sublessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect at the time such statement, representation, or warranty was made

21 **REMEDIES** Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Sublessor, at its option, may declare this Sublease to be in default by written notice to such effect to the Sublessee, and thereafter Sublessor may exercise any one or more of the following remedies

(a) by written notice to Sublessee, declare an amount equal to all amounts then due or to become due during the then current fiscal year of Sublessee under this Sublease to be immediately due and payable, whereupon the same shall become immediately due and payable,

(b) by written notice to Sublessee, request Sublessee to (and Sublessee agrees that it will), at Sublessee's expense, promptly and peaceably surrender possession of the Equipment to Sublessor or its assignee, packed for shipment in accordance with manufacturer's specifications, and Sublessor may enter upon the premises where the Equipment is located and take immediate possession of and remove the same,

(c) sell or lease the Equipment or sublease it for the account of Sublessee holding Sublessee liable for all Sublease Payments and other payments due on or before the effective date of such selling, leasing, or subleasing, and for the difference

between the purchase price, rental, and other amounts paid by the purchaser, lessee, or sublessee pursuant to such sale, lease, or sublease and the amount payable by Sublessee hereunder, and,

(d) exercise any other right, remedy, or privilege that may be available to it under applicable laws of the State of Maryland, including, but not limited to, Section 3-108(b) of the Natural Resources Article of the Annotated Code of Maryland, or any other applicable law, or proceed by appropriate legal action to enforce the terms of this Sublease or to recover damages for the breach of this Sublease, or to rescind this Sublease as to the Equipment

In addition, Sublessee will remain liable for all covenants and indemnities under this Sublease and for all reasonable legal fees and other costs and expenses, including court costs, incurred by Sublessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Sublessor No remedy herein conferred upon or reserved to Sublessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Sublease or now or hereafter existing at law or in equity Sublessor's remedies hereunder may be exercised separately with respect to items of Equipment No delay or omission to exercise any right or power accruing upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient

22 <u>SUBLESSOR'S RIGHT TO PERFORM FOR SUBLESSEE</u> If Sublessee fails to perform or comply with any of its covenants contained herein, Sublessor shall have the right, but shall not be obligated, to effect such performance or compliance, and the amount of any out-of-pocket expenses or other reasonable expenses of Sublessor incurred in connection with the performance of, or compliance with, such covenant, together with interest thereon at the lesser of (i) the highest lawful rate permitted by applicable State law on the date of payment by Sublessor, or (ii) eight percent (8%) per annum shall be payable by Sublessee upon demand Sublessee shall execute, endorse, and deliver to Sublessor any conveyance, assignment, or other instrument in writing as may be required to vest in Sublessor any right, title, or power that by the terms hereof is intended to be conveyed or conferred upon Sublessor, including without limitation, (a) Uniform Commercial Code Financing Statements (including continuation statements), (b) documents and checks or drafts relating to or received in payment for any loss or damage on the insurance required hereunder, but only to the extent that same related to the Equipment, and, (c) at such time of default, upon any bill of sale, document, instrument, invoice, freight bill, bill of lading, or similar document relating to the Equipment in order to vest title in Sublessor and to

transfer possession to Sublessor within ten (10) days upon receipt of same

23 **QUIET ENJOYMENT OF EQUIPMENT** Sublessor hereby covenants to provide to Sublessee during the term of this Sublease quiet use and enjoyment of the Equipment, and Sublessee shall during the term of this Sublease peaceably and quietly have and hold and enjoy the Equipment without suit, trouble, or hindrance from Sublessor except upon the occurrence of an event set forth in Section 20, above

24 **DELIVERY OF RELATED DOCUMENTS** Sublessee will execute or provide, as requested by Sublessor, such other documents and information as are reasonably necessary with respect to the transactions contemplated by this Sublease At the request of the Sublessor, Sublessee will furnish current financial statements of Sublessee within thirty (30) days after the date such statements become available to the public During the Sublease Term and upon request of the Sublessor, Sublessee will provide to Sublessor annually such financial information relating to the ability of the Sublessee to continue this Sublease as may be reasonably requested by Sublessor

25 **SUBLESSEE'S COVENANTS** Sublessee specifically covenants that it shall comply with the provisions of the Code, including, without limitation, compliance with any provisions of such law regarding the timing of the expenditure of the proceeds of this Sublease, the use of such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of this Sublease Sublessee further covenants that it shall make such use of the proceeds of this Sublease, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain exclusion from gross income for federal tax purposes of the interest portion of the Sublease Payments The Sublessee shall provide such certification of facts and estimates regarding the amount and use of the proceeds of this Sublease as may be necessary or appropriate from time to time to comply with, or to evidence Sublessee's compliance with, the covenants set forth in this Section

26 **TERMINATION FOR CAUSE** If Sublessor fails to fulfill its obligation under this Sublease to provide funds sufficient to pay the Equipment Cost as described in Section 3 hereof properly and on time, or otherwise violates any provision of the Sublease, Sublessee may terminate this Sublease by written notice to Sublessor The notice shall specify the acts or omissions relied upon as cause for termination Upon termination, all finished or unfinished supplies and services provided by Sublessor shall, at Sublessee's option, become Sublessee's property Sublessee shall pay Sublessor fair and equitable compensation for satisfactory

performance prior to receipt of notice of termination, less the amount of damages caused by Sublessor's breach If the damages are more than the compensation payable to Sublessor, Sublessor will remain liable after termination and Sublessee can affirmatively collect damages

27 **TERMINATION FOR CONVENIENCE** The performance of this Sublease may be terminated by Sublessee in accordance with this clause, in whole or in part, whenever the Sublessee shall determine that such termination is in the best interest of Sublessee, provided, however, that this clause shall not be deemed to permit termination by Sublessee with respect to Equipment accepted prior to the date of termination for convenience

28 **NONDISCRIMINATION IN EMPLOYMENT** The parties agree (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment, (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract, and, (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause

29 **ADMINISTRATION** This Sublease shall be performed under the direction of _____, or her designee (the "Service Project Coordinator") All matters relating to administration and performance of this Sublease shall be referred to the Service Project Coordinator for determination

30 **GOVERNING LAW** This Sublease shall be construed, interpreted, and enforced in accordance with the laws of the State of Maryland

31 **NOTICES** All notices (excluding invoices and communications in the ordinary course of business) to be given under this Sublease shall be in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth in the introduction to this Sublease, or at such address as the party may provide in writing from time to time

32 **SECTION HEADINGS** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Sublease

33 **ENTIRE AGREEMENT, SEVERABILITY** This Sublease, together with all other Sublease Documents, constitutes the entire agreement between the parties with respect to the lease of the Equipment, and the Sublease Documents shall not be modified, amended, altered, or changed except with the written consent of Sublessee and Sublessor

If any terms contained in any earlier writing, agreement, or proposal conflict with the terms and conditions of this Sublease, the terms and conditions of this Sublease shall control Any provision of this Sublease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Sublease

34 **REPRESENTATIONS** Each party to this Sublease represents and warrants to the other that it has full right, power, and authority to execute this Sublease

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year above first written

SUBLESSOR
MARYLAND ENVIRONMENTAL SERVICE

By _____
George G Perdikakis
Director

SUBLESSEE

By _____

Approved for form and legal sufficiency
for the State of Maryland
this ____ day of _____, 1994

_____
Assistant Attorney General

TAKEDOWN SCHEDULE NO ___

TO

1994 MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

THIS TAKEDOWN SCHEDULE NO ___, dated as of _____ 1994, (the "Takedown Schedule"), is executed by and between _____ _____ ("Lessor") and the **MARYLAND ENVIRONMENTAL SERVICE** ("Lessee")

WITNESSETH

WHEREAS, Lessor and Lessee have previously entered into that certain 1994 Master Equipment Lease-Purchase Agreement dated as of _____, 1994, (the "Lease") (unless otherwise defined herein all terms having a defined meaning in the Lease shall have the same meaning when used herein), which Lease provides for the execution and delivery of one or more Equipment Schedules for the purpose of identifying the Equipment to be leased and purchased pursuant to the Lease and specifying certain terms and conditions applicable to the lease and purchase of such Equipment, and

WHEREAS, Lessee has agreed to provide to Lessor appropriate advance notice of the periodic Takedown Amount (hereinafter defined) and a summary description of the Equipment to be purchased prior to each funding date,

NOW, THEREFORE, in consideration of the premises Lessor and Lessee hereby agree as follows

1 **Funding** On _____, 1994 Lessor agrees to provide funds in the aggregate amount of $_____ (the "Takedown Amount") to permit Lessee's acquisition of the Equipment described summarily on Attachment 1 hereto in accordance with the Lease and Equipment Schedules Nos __ through __ to the Lease or to permit Lessee to reimburse itself for funds previously expended by Lessee to acquire such Equipment

2 **Restrictions on Resale** Lessee agrees that the restrictions on resale by Lessor of its interest in its right to receive payment pursuant to the Lease in fractionalized interests or participations as set forth in Section 19(c) of the Lease shall be deemed to apply to the Takedown Amount set forth in Section 1 of this Takedown Schedule

IN WITNESS WHEREOF, Lessee and Lessor have executed this Takedown Schedule as of the date and year first above written

MARYLAND ENVIRONMENTAL SERVICE

By _____
George G Perdikakis
Director

[LESSOR]

By _____
[Name]
[Title]