MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO 94-8-1R

A RESOLUTION AUTHORIZING

the issuance, sale and delivery by the Maryland Environmental Service (the "Service") of its Maryland Environmental Service Revenue Bonds, (Midshore Regional Landfill Project) Series 1994 (the "Series 1994 Bonds") in an aggregate principal amount not to exceed $7,000,000 for the purpose of redeeming the $2,400,000 Maryland Environmental Service Revenue Bond Anticipation Notes (Midshore Regional Landfill Project) Series 1993 (the "1993 Bond Anticipation Notes") or any other bonds, notes or other obligations issued by the Service to refinance the 1993 Bond Anticipation Notes, paying all or a part of the cost of a project of the Service consisting generally of the design and construction of Cell Number 2 of the Midshore Regional Landfill located in Talbot County, Maryland, funding all or a part of the costs of the closure of Cell Number 1, and funding all or a part of the costs of the closure of the Easton Landfill adjacent to the Midshore Regional Landfill (collectively, the "Project"), approving the execution and delivery of a Second Supplemental Indenture of Trust between the Service and The Riggs National Bank of Maryland, as trustee, relating to the Series 1994 Bonds, providing for the Series 1994 Bonds to be obligations of the Service payable from amounts received pursuant to Service Agreements between the Service and the Subdivisions, from such other revenues as may be received by the Service in connection with the operation of the Midshore Regional Landfill, and from the proceeds of future bonds, notes or other obligations of the Service, providing for the sale of the Series 1994 Bonds by competitive (sealed) bidding, authorizing the Director and other officers of the Service to award the sale of the Series 1994 Bonds to the successful bidder, authorizing the Director and other officers of the Service to execute the Second Supplemental Indenture of Trust and such other documents or certificates as may be necessary in connection with the issuance of the Series 1994 Bonds, repealing Maryland Environmental Service Board of Directors' Resolution No 94-7-1R, and providing generally for other matters necessary for the issuance, sale and delivery of the Series 1994 Bonds

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 and to provide for the security of such bonds or notes and the rights of the holders thereof, and (ii) to enter into contracts with the Federal or any State government, or any unit, instrumentality or subdivision thereof, or with any municipality or person within or without the State of Maryland, providing for or relating to the furnishing of services to the facilities of any project of the Service

On February 27, 1990, the Service adopted a resolution authorizing the issuance, sale and delivery of $8,075,000 aggregate principal amount of its Revenue bonds (Midshore Regional Landfill Project), Series 1990 (the "Series 1990 Bonds"), in order to finance a portion of the cost of the acquisition and construction of a regional landfill in Talbot County, Maryland (the "Regional Landfill") The Series 1990 Bonds were issued on March 8, 1990 pursuant to an Indenture of Trust (the "Original Indenture") between the Service and The Riggs National Bank of Maryland

On December 23, 1993, the Service issued its 1993 Bond Anticipation Notes in order to finance a portion of the cost of the design and construction of the second landfill cell of the Regional Landfill The 1993 Bond Anticipation Notes were issued pursuant to a First Supplemental Indenture of Trust (the "First Supplemental Indenture") between the Service and The Riggs National Bank of Maryland and dated as of December 15, 1993

The Service owns and operates the Regional Landfill, and has entered into a Waste Disposal Service Agreement (each, a "Service Agreement") with each of the County Commissioners of Caroline County, County Commissioners of Kent County, County Commissioners of Queen Anne's County, and Talbot County, Maryland (collectively, the "Subdivisions")

Pursuant to the Service Agreements, the Subdivisions deliver to the Regional Landfill all of the Acceptable Waste (as defined in the Service Agreement) generated within their boundaries The Subdivisions pay a Tipping Fee (as defined in the Service Agreement) for each ton of acceptable waste that is delivered to the Regional Landfill and will pay a Supplemental Fee (as defined in the Service Agreement) in the event that the Total Costs (as defined in the Service Agreement) associated with the Regional Landfill exceed the Landfill revenues (as defined in the Service Agreement)

The Service has determined to issue its Series 1994 Bonds in order to finance a portion of the cost of the Project The Series 1994 Bonds will be issued pursuant to a Second Supplemental Indenture of Trust (the "Second Supplemental Indenture") between the Service and the Trustee (as set forth herein) and will be payable from the revenues received under the Service Agreements and from the operation of the Regional Landfill, and from the proceeds of future bonds, notes or other obligations of the Service

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

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

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

2 The issuance, sale and delivery of the Series 1994 Bonds in a principal amount not to exceed $7,000,000, to be designated Maryland Environmental Service Revenue Bonds (Midshore Regional Landfill Project), Series 1994 shall be, and hereby are, authorized and directed pursuant to the provisions of the Act to provide funds for the payment of all or any part of the cost of the Project, as provided in the Act, the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture

3 The Series 1994 Bonds shall be sold to the successful bidder submitting a bid in response to the Official Notice of Sale (the "Notice of Sale") on the terms and conditions set forth in the Notice of Sale included in the draft Preliminary Official Statement (the "Preliminary Official Statement") presented to this meeting Such form of the Notice of Sale shall be, and hereby is directed to be, filed among the permanent records of the Service

The total principal amount of the Series 1994 Bonds shall not exceed $7,000,000 The true interest cost for the Series 1994 Bonds calculated as provided in the Notice of Sale shall not exceed 7 00 percent The final maturity date of the Series 1994 Bonds shall not be more than fifteen years from the date of the issuance of the Series 1994 Bonds The Director shall, subject to the limitations set forth in this paragraph, award the sale of the Series 1994 Bonds to the successful bidder therefor, fix the principal amount of the Series 1994 Bonds, the interest rate or rates for the Series 1994 Bonds, and the principal payment schedule for the Series 1994 Bonds, and the Director shall include such items in the Series 1994 Bonds

4 The Series 1994 Bonds shall be issued under, secured in accordance with, and have the terms set forth in the Second Supplemental Indenture substantially in the form of the Second Supplemental Indenture presented to this meeting Such form of the Second Supplemental Indenture shall be, and hereby is directed to be, filed among the permanent records of the Service The Series 1994 Bonds shall be, and hereby are directed to be, executed and delivered to the Trustee substantially in the form of the Series 1994 Bonds appended to the form of the Second Supplemental Indenture presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director, provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this resolution Upon delivery of the Series 1994 Bonds, the Trustee shall authenticate such Series 1994 Bonds and deliver the same to the purchaser thereof

5 The Second Supplemental Indenture (including, without limitation, the form of the Series 1994 Bonds appended thereto as Appendix A) shall be, and hereby is, adopted and approved, and the Director of the Service shall be, and hereby is, authorized to execute and deliver such Indenture substantially in the form approved hereby with such changes, omissions, insertions, and revisions as shall be deemed advisable by the Director, provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution

6 The Preliminary Official Statement in substantially the form presented to this meeting is hereby approved with such changes, omissions, insertions, and revisions as the Director may deem desirable in connection with the issuance and sale of the Series 1994 Bonds The Director is hereby authorized to obtain proposals from bond insurance companies for insurance for the Series 1994 Bonds and to enter into any bond insurance or other agreements with such bond insurance companies

7 It is hereby authorized that the total purchase price for the Series 1994 Bonds shall be paid to the Director, as agent of the Service for the purpose of receiving the purchase price and delivering the Series 1994 Bonds to the successful purchaser Immediately upon receipt thereof, the purchase price shall be deposited with the Trustee in the proper accounts as provided in the Second Supplemental Indenture

8 The Director, the Treasurer and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents and certificates as the Director shall deem desirable to effect the completion of the issuance, sale, and delivery of the Series 1994

Bonds and the other matters contemplated by this Resolution and the Second Supplemental Indenture

9 The Riggs National Bank of Maryland is hereby confirmed as Trustee for the Series 1994 Bonds under the Second Supplemental Indenture

10 The execution by the Director or other officer of the Service of any document authorized herein to be executed by the Director or other officer 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

11 Maryland Environmental Service Board of Directors' Resolution No 94-07-1R is hereby repealed and shall have no application or effect Any actions taken by the Service pursuant to Resolution No 94-07-1R and not materially inconsistent with this Resolution are hereby confirmed

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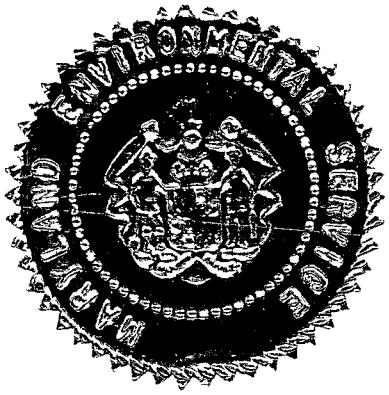
12 This Resolution shall take effect immediately upon its adoption

ADOPTED THIS 25th DAY OF AUGUST, 1994

MARYLAND ENVIRONMENTAL SERVICE

SEAL



George G Perdikakis
Director

Annette Anselmi
Treasurer

Carolyn D Davis
Secretary

Edwin G Richards
Member
not present

Lawrence D Shubnell
Member
abstain

William B C Addison, Jr
Member
not present

Daniel F McMullen, III
Member

Joseph F Snee, Jr
Member

Attest
Carolyn D Davis, Secretary

MARYLAND
ENVIRONMENTAL
SERVICE

William Donald Schaefer
Governor

George G Pendikakis
Director

August 25, 1994

MEMORANDUM

TO **Maryland Environmental Service Board of Directors**

FROM **Annette Anselmi, Treasurer**

SUBJECT **Use of Retained Earnings**
Payment of Midshore Regional Landfill Bond Anticipation Notes

Summary

Your approval is requested to utilize up to $2 4 million in Midshore Regional Landfill funds and MES retained earnings for the purpose of refinancing the Midshore Regional Landfill Bond Anticipation Notes The Notes are due September 15, 1994 The Service will be reimbursed from the proceeds of MES revenue bonds anticipated to be issued in October, 1994

Background

In December, 1993, the Service issued the Notes in order to provide funds to initiate closure of the Easton Landfill and construction of Cell No 2 of the Midshore Regional Landfill The Notes were purchased by T Rowe Price and are due on September 15, 1994 The resolution approving the issuance of the Notes authorized the Service to refinance the Notes

On July 28, 1994, you approved resolution 94-7-1R authorizing the issuance of Maryland Environmental Service Revenue Bonds (Midshore Regional Landfill Project) Series 1994 in an amount not to exceed $6,200,000 The purpose of the Series 1994 Bonds includes the redemption of the Notes, as well as the paying of costs associated with the design and construction of Cell No 2 and the closure of Cell No 1 and the Easton Landfill

On August 15, 1994, MES opened bids for the construction of Cell No 2 All of the bids were for amounts greater than estimated The scope of the construction project will be revised and rebid Consequently, the Series 1994 Bonds will not be issued until October, 1994

Description of Transaction

The Service proposes to obtain external short term financing (local banks) for a period not to exceed 180 days in order to repay

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the Notes when due In the alternative, if external short term financing is not available at a reasonable cost, as determined by the Service and the MES Financial Advisor, then the Service proposes to first use moneys in the Midshore Regional Landfill Operations and Construction Funds The Service would then use both designated and undesignated retained earnings to repay the balance of the Notes The term for use of any MES moneys would not exceed 90 days

If external short term financing is not obtained, and MES funds are used to repay the Notes, then the Service will also be reimbursed at an interest rate equal to the Average Monthly interest earnings rate on the MES investment portfolio In the event the Series 1994 Bonds are not issued within 90 days, then the Midshore Regional Counties are obligated to reimburse MES with Supplemental Fees for the amount of the Notes The Service may allow for reimbursement over a 12-18 month period

Request For Approval

Your approval is requested to authorize the Director and the Treasurer to negotiate and obtain terms and conditions for external short term financing for repayment of the Notes, or in the alternative, to use MES funds as described above The use of MES funds is an exceptional occurrence that will cover a short period to time when external borrowing sources are not accessed or available