**MARYLAND ENVIRONMENTAL SERVICE**

**BOARD OF DIRECTORS**

**RESOLUTION NO. 96-04-4R**

**A RESOLUTION AUTHORIZING**

the issuance, sale and delivery by the Maryland Environmental Service (the "Service") of its Maryland Environmental Service Certificates of Participation (Water and Wastewater Facilities) Series 1996 (the "1996 Certificates") in an aggregate principal amount not to exceed $880,000 for the purpose of paying all or a part of the cost of a project of the Service consisting generally of the acquisition, design, construction, and equipping of additional water and wastewater facilities; approving the execution and delivery of: 1) the First Supplemental Trust Agreement between the Service, the State of Maryland for the use of the Department of Public Safety and Correctional Services, and Signet Trust Company, relating to the 1996 Certificates, 2) the First Supplemental Conditional Purchase Agreement between the Service, the Department of Public Safety and Correctional Services, and Signet Trust Company, and 3) an Amendatory Agreement for operation and maintenance services between the Service and the Department of Public Safety and Correctional Services; providing for the private placement of the Series 1996 bonds through a competitive solicitation; authorizing the Director and other officers of the Service to award the placement of the 1996 Certificates; authorizing the Director and other officers of the Service to execute such other documents or certificates as may be necessary in connection with the issuance of the 1996 Certificates; and providing generally for other matters necessary for the issuance, sale and delivery of the 1996 Certificates.

**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, 1995 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 May 8, 1991, the Board of Public Works of Maryland ("Board") approved Agenda Item No. 26, Secretary's Agenda. Agenda Item No. 26 provided for, inter alia, the issuance of Maryland Environmental Service Certificates of Participation (Water and Wastewater Facilities Project), Series 1991A ("1991 Certificates") in an aggregate principal amount not to exceed $8,500,000 for the financing, acquisition, construction, and equipping of water and wastewater facilities (the "Project") located at the Eastern Correctional Institution in Somerset County, Maryland, and approved various documents related to the issuance of the 1991 Certificates, the sale of the 1991 Certificates, and the establishment by the Service of a principal payment schedule for the 1991 Certificates.

On May 16, 1991, the Maryland Environmental Service (the "Service") adopted a resolution providing for, inter alia, the issuance, sale and delivery of the 1991 Certificates in the aggregate principal amount of $7,630,000. The 1991 Certificates delivered by Signet Bank of Maryland, as Trustee ("Trustee"), pursuant to the Certificate of Participation Trust Agreement ("Trust Agreement"), dated June 1, 1991 by and between the Service, the State of Maryland for the use of the Department of Public Safety and Correctional Services, and Signet Bank of Maryland.

Since the completion of the project, additional water and wastewater facilities (the "Additional Facilities") have become necessary to convert the 230,000 gallons per day pretreatment plant to a full-scale, stand-alone, 400,000 gallon per day wastewater treatment plant. The Additional Facilities will make the Eastern Correctional Institution water and wastewater treatment self-sufficient, and no longer dependant on the Town of Princess Anne Wastewater Treatment Plant. The Additional Facilities will create additional treatment capacity at the Princess Anne Wastewater Treatment Plant, which will allow Somerset County to attract new industry and other development projects.

Pursuant to Section 7.10 of the Trust Agreement, the Trustee may deliver Additional Certificates (as defined in the Trust Agreement) upon the written request of the Service and the State, and upon the submittal of additional documentation specified in Section 7.10.

On March 22, 1995, the Maryland Environmental Service (the "Service") adopted a resolution authorizing the Director, Acting Director, and Treasurer to: 1) request the Trustee to deliver Additional Certificates in an amount not to exceed $880,000 for the Additional Facilities, and 2) prepare, or have prepared, and submit to the Board of Directors of the Maryland Environmental Service for

its approval, any additional documentation required by the Trust Agreement for the issuance of Additional Certificates.

The Service considers the financing, acquisition, construction and operation of the Additional Facilities, and the issuance and delivery of the 1996 Certificates 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 Additional Certificates in a principal amount not to exceed $880,000, to be designated Maryland Environmental Service Certificates of Participation (Water and Wastewater Facilities), Series 1996 (hereinafter "1996 Certificates") shall be, and hereby are, authorized and directed pursuant to the provisions of the Act, the First Supplemental Trust Agreement between the Service, the State of Maryland for the use of the Department of Public Safety and Correctional Services, and Signet Trust Company, and the First Supplemental Conditional Purchase Agreement between the Service, the State of Maryland for the use of the Department of Public Safety and Correctional Services, and Signet Trust Company, to provide funds for the payment of all or any part of the cost of the Additional Facilities, as provided in the Act and the First Supplemental Trust Agreement, and the First Supplemental Conditional Purchase Agreement.

**3.** The 1996 Certificates shall be sold to the successful bidder submitting a response to the Official Notice of Sale By Private Placement (the "Notice of Sale") on the terms and conditions set forth in the Notice of Sale 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 1996 Certificates shall not exceed $880,000. The true interest cost for the 1996 Certificates calculated as provided in the Notice of Sale shall not exceed 8.50 percent. The final maturity date of the 1996 Certificates shall be the year 2011 to coincide with the maturity date for Series 1991A Bonds. The Director shall, subject to the limitations set forth in this paragraph, award the sale of the 1996 Certificates to the offeror submitting the most favorable offer to the Service, fix the principal amount of the 1996 Certificates, the interest rate or rates for the 1996 Certificates, and the principal payment schedule for the 1996 Certificates, and the Director shall include such items in the 1996 Certificates.

**4.** The 1996 Certificates shall be issued under, secured in accordance with, and have the terms set forth in the First Supplemental Trust Agreement substantially in the form of the First Supplemental Trust Agreement presented to this meeting. Such form of the First Supplemental Trust Agreement shall be, and hereby is directed to be, filed among the permanent records of the Service. The 1996 Certificates shall be, and hereby are directed to be, executed and delivered to the Trustee substantially in the form set forth in the First Supplemental Trust Agreement presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director; provided, however, that such changes, omissions, insertions, and revisions shall not alter the substance of the transaction authorized and approved by this resolution. Upon delivery of the 1996 Certificates, the Trustee shall authenticate such 1996 Certificates and deliver the same to the purchaser thereof.

**5.** The First Supplemental Trust Agreement 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 First Supplemental Trust Agreement substantially in the form approved hereby with such changes, omissions, insertions, and revisions as shall be deemed advisable by the Director; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

**6.** The Director, the Treasurer, and the other officers of the Service shall be, and hereby are, authorized to: 1) distribute such financial information regarding the State and the Maryland Environmental Service as they deem necessary to satisfy securities law disclosure requirements; and 2) execute one or more continuing disclosure agreements in order to comply with securities law disclosure requirements.

**7.** The First Supplemental Conditional Purchase Agreement between the Service, the State of Maryland for the use of the Department of Public Safety and Correctional Services, and Signet Trust Company, and the Amendatory Agreement between the Service and the Department of Public Safety and Correctional Services in substantially the form presented to this meeting are hereby approved, and the Director of the Service shall be, and hereby is, authorized to execute and deliver such Agreements 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, omission, insertions, and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

**8.** It is hereby authorized that the total purchase price for the 1996 Certificates shall be paid to the Director or the Treasurer, as agent of the Service for the purpose of receiving the

purchase price and delivering the 1996 Certificates 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 First Supplemental Trust Agreement.

**9.** 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 1996 Certificates and the other matters contemplated by this Resolution and the First Supplemental Trust Agreement, including (without limitation) a continuing disclosure agreement complying with SEC Rule 15c2-12(b)(5) relating to the 1996 Certificates.

**10.** The execution by the Director or other officers of the Service of any document authorized herein to be executed by the Director or other officers 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.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED THIS 25th DAY OF APRIL, 1996**

**MARYLAND ENVIRONMENTAL SERVICE**

**SEAL**

**James W. Peck**
**Director**

**Annette Anselmi**
**Treasurer**

**Carolyn D. Davis**
**Secretary**

**Attest:**
**Carolyn D. Davis, Secretary**