**MARYLAND ENVIRONMENTAL SERVICE**

**BOARD OF DIRECTORS**

**RESOLUTION NO. 96-11-1R**

**A RESOLUTION AUTHORIZING**

the borrowing by the Maryland Environmental Service (the "Service") of an aggregate principal amount not to exceed $2,000,000 for the purpose of establishing a revolving line of credit (the "Loan"); approving the execution and delivery of a Loan Agreement (the "Loan Agreement"), a Promissory Note (the "Promissory Note") and a Pledge Agreement (the "Pledge Agreement") between the Service and NationsBank, N.A.; providing for the Loan to be an obligation of the Service payable from amounts received pursuant to agreements between the Service and the Maryland Port Administration ("MPA") and from such other revenues as may be received by the Service; authorizing the Director and other officers of the Service to execute the Loan Agreement, Promissory Note, Pledge Agreement and such other documents or certificates as may be necessary in connection with the Loan; and providing generally for other matters related to the Loan.

**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, 1996 Cumulative Supplement) as amended to date (the "Act"), including (among others) the powers (i) to borrow money and issue bonds or notes for the purpose of paying all or any part of the cost of any one or more projects and to provide for the security of such bonds or notes and the rights of the holders thereof; and (ii) to enter into contracts with the Federal or any State government, or any unit, instrumentality or subdivision thereof, or with any municipality or person within or without the State of Maryland, providing for or relating to the furnishing of services to the facilities of any project of the Service.

The Service has been hired by the MPA to coordinate and manage the raising of the dikes of the Hart-Miller Island Dredged Material Containment Facility (the "Project"). The Service's obligations to MPA include procuring personnel, equipment and other sub-contractors, supplies and services for the Project. The MPA will reimburse the Service for the costs the Service incurs in providing the Project to the MPA.

The Service has determined to make the Loan in order to finance a portion of the costs of providing the Project. The Loan will be made pursuant to the Loan Agreement between the Service and NationsBank, N.A. and will be payable from revenues received by the Service from the MPA and from other sources. The Service's obligation to repay the Loan will be evidenced by the Promissory Note. Pursuant to the Pledge Agreement the Service will secure the Loan by pledging collateral in an amount not less than the Obligation (as defined in the Pledge Agreement). Collectively, the Loan Agreement, Promissory Note and Pledge Agreement constitute the Loan Documents (the "Loan Documents").

The Service considers the Loan and the making of the Loan Documents 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 borrowing of a principal amount not to exceed $2,000,000, from NationsBank, N.A. to establish a revolving line of credit shall be, and hereby is, authorized and directed pursuant to the provisions of the Act to provide funds for the payment of all or any part of the cost of the Project, as provided in the Act and the Loan Documents.

**3.** The total principal amount of the Loan shall not exceed $2,000,000. The true interest cost for the Loan calculated as provided in the Loan Documents shall not exceed the daily London Interbank Rate for thirty (30) day Dollar deposits as would be quoted by the Bank for 11:00 a.m. (London time) adjusted for required reserves, FDIC premiums and other regulatory costs, plus eighty-four basis points (.840%) per annum. The Service shall also pay a Usage Fee (as defined in the Loan Agreement) not to exceed seven basis points (.07%) per annum of the average daily unused portion of the Loan. The principal of the Loan and all other undisputed amounts related to the Obligation shall be paid in full not later than one year from the execution date of the Loan Documents.

**4.** The Loan shall be made under, secured in accordance with, and have the terms set forth in the Loan Documents approved by the Director, Treasurer and Counsel of the Service. The Service is authorized to incur obligations to repay the Obligation, and to repay the Obligation from revenues received from MPA and from other revenues of the Service. The Service is further authorized to pledge as security for the Loan the property identified in Exhibit "A" to this Resolution, and to pledge such substitute Collateral as the Director and Treasurer deem prudent and as may be required by the Loan Documents.

**5.** The Director, the Treasurer and the other officers of the Service shall be, and hereby are, authorized to execute and deliver the Loan Documents, and to take such other

steps and to execute and deliver such other documents and certificates as they may deem desirable to effect the completion of the Loan and the other matters contemplated by this Resolution.

**6.** 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 by the Service.

**7.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED THIS 21ST DAY OF NOVEMBER, 1996**

**MARYLAND ENVIRONMENTAL SERVICE**

**SEAL**

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

**Kenneth Howarth**
**Treasurer**

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

**Attest:**

**Carolyn D. Davis, Secretary**

MES RESOLUTION 96-11-1R ~~SCHEDULE A~~ EXHIBIT "A"

THIS SCHEDULE A is attached to and made a part of a Pledge Agreement by and between Maryland Environmental Service and NationsBank, N.A.

A. The following Treasuries held in Funds Management account number 832992:

| Cusip # | Face Value | Description | Maturity Date |
|---|---|---|---|
| 9127942L7 | 250,000.00 | U.S. T-Bill | 2/6/97 |
| 9127942Q6 | 250,000.00 | U.S. T-Bill | 5/29/97 |
| 9127942R4 | 250,000.00 | U.S. T-Bill | 6/26/97 |
| 912827U59 | 250,000.00 | U.S. T-Note | 7/31/97 |
| 912827G71 | 250,000.00 | U.S. T-Note | 8/31/97 |
| 912827V90 | 250,000.00 | U.S. T-Note | 11/30/97 |
| 912827L42 | 250,000.00 | U.S. T-Note | 6/30/98 |

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B. $454,620.00 of the NationsBank, N.A. Funds Management Money Market Fund Account Number 833716

DEBTOR:
Maryland Environmental Service

By: _____ (SEAL)
James W. Peck, Director