MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 98-10-1R

A RESOLUTION AMENDING

Resolutions 96-11-1R and 97-09-1R; confirming the authority of the Maryland Environmental Service (the "Service") to borrow an aggregate principal amount not to exceed $2,000,000 for the purpose of establishing a revolving line of credit (the "Loan"); providing for the Loan to be an obligation of the Service payable from amounts received pursuant to agreements between the Service and customers of the Service, and from such other revenues as may be received by the Service; 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 (1997 Replacement Volume) 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 November 21, 1996, the Board approved Resolution 96-11-1R (the "1996 Resolution"). The 1996 Resolution authorized the Service to borrow an amount not to exceed $2,000,000 from NationsBank N.A. to establish a revolving line of credit (the "Loan") at an interest rate specified in the 1996 Resolution. The 1996 Resolution further authorized the Director and other officers of the Service to execute and deliver Loan Documents (as defined in the 1996 Resolution) and to pledge as collateral certain property described in the 1996 Resolution, or such other substitute collateral as the Director and the Treasurer deem prudent.

By its express terms, the 1996 Resolution limited use of the proceeds of the Loan to pay for costs associated with the raising of the dikes of the Hart-Miller Island Dredged Material Containment Facility. On September 25, 1997, the Board approved resolution 97-09-1R (the "1997 Resolution") amending the 1996 Resolution. The 1997 Resolution authorized the Service to utilize the proceeds of the Loan for costs associated with other project or activities of the Service. The 1997 Resolution further specified that the Service will repay amounts borrowed under the Loan

from revenues received from the project for which the Loan proceeds are expended, or from such other revenues of the Service as are available to it.

By its express terms, Section 3 of the 1996 Resolution required that the principal of the Loan and all other undisputed amounts related to the Obligation (as defined in the 1996 Resolution) shall be paid in full not later that one year from the execution date of the Loan Documents (as defined in the 1996 Resolution). The purpose of this Resolution is to further amend the 1996 Resolution to authorize the repayment of principal and other undisputed amounts to be made within two years from the execution date of the Loan Documents. The Service considers this Resolution 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 Board hereby confirms its approval and authorization of (a) the Loan, and (b) the Loan Documents, including, without limitation, all terms and conditions contained therein.

3. Section 3 of the 1996 Resolution is hereby amended to be as follows:

> 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 two years from the execution date of the loan Documents.

4. All recitals, terms and conditions of the 1996 Resolution and the 1997 Resolution that are inconsistent with this Resolution are hereby amended to reflect these amendments. All other recitals, terms and conditions of the 1996 Resolution and the 1997 Resolution shall remain in effect.

5. This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 22ND DAY OF OCTOBER, 1998.

MARYLAND ENVIRONMENTAL SERVICE

SEAL

James W. Peck
Director

Catherine Pieper Stevenson
Deputy Director

Kenneth Howarth
Treasurer

Attest: _____
Catherine Pieper Stevenson