MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 98-02-1R

A RESOLUTION AUTHORIZING

the procurement, execution and delivery by the Maryland Environmental Service (the "Service") of a Loan Agreement (the "Loan Agreement") in an aggregate principal amount not to exceed $450,000.00 for the purpose of financing the design and construction of a maintenance building and installation of fire protection piping at the Prince George's County Yard Waste Composting Facility located in Upper Marlboro, Prince George's County, Maryland, and administration of such activities, (collectively, the "Project"); providing for the Loan Agreement to be an obligation of the Service payable from revenues received from Prince George's County and such other revenues as may be received by the Service its operation of the Prince George's County Yard Waste Composting Facility; authorizing the Director to amend, execute and deliver the Loan Agreement; and providing generally for other matters necessary to the procurement, execution and delivery of the Loan Agreement.

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, 1997 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 operate, construct, reconstruct, improve, maintain and repair solid waste disposal projects; 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.

On behalf of Prince George's County, Maryland, the Service operates the Prince George's County Yard Waste Composting Facility. The Service's responsibilities include accepting, processing and composting all yard debris received at the Facility; procuring and maintaining equipment utilized at the Facility; marketing the composted yard debris; and general maintenance of the Facility. In order to enhance operations at the Facility the County has requested that the Service procure the design and construction of a maintenance building at the Facility. The County has also requested that the Service procure the design and construction of certain fire protection piping at the Facility. The County and the Service have executed an Intergovernmental Agreement (the "IGA") whereby the County has agreed to reimburse the service for the costs incurred in providing the Project.

The Service intends to finance the costs of the Project by entering into a Loan Agreement with a local bank or other financial institution, or by utilizing the Service's Line of Credit with NationsBank

N.A. Bank. In accordance with the Loan Agreement, the Service will make loan repayments ("Loan Repayments") to the Lender for a term not to exceed five (5) years. Such Loan Repayments will consist of principal and interest on amounts loaned to the Service pursuant to the Loan Agreement. The Service intends to recoup the costs of providing the Project, recovering amounts necessary to make Loan Repayments, and administering the Loan and the Project, by charging the County the full cost thereof for a period not to exceed five (5) years.

The Service considers the procurement, execution, and delivery of the Loan Agreement, 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 Loan Agreement in a principal amount not to exceed $450,000.00, shall be, and hereby is, authorized and directed pursuant to the provisions of the Act to finance the design and construction of the Project, as provided in Act.

3. The Loan Agreement will be executed with and delivered to the Lender on the terms and conditions deemed satisfactory to the Director and the Treasurer of the Service; provided, however, that except as otherwise provided in this resolution, such terms and conditions shall not alter the substance of the transaction authorized and approved by this resolution.

The total principal amount of the Loan Agreement shall not exceed $450,000. The annual interest rate of any maturity of the Loan Repayments shall not exceed seven percent (7%). The Director shall, subject to the limitations set forth in this paragraph, fix the principal amount of the Loan Agreement, the interest rate or rates for the Loan Agreement, and the payment schedule for the Loan Repayments, and the Director shall include such items in the Loan Agreement.

4. 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 execution and delivery of the Loan Agreement and the other matters contemplated by this Resolution.

5. 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.

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

ADOPTED THIS 26TH DAY OF FEBRUARY, 1998.

MARYLAND ENVIRONMENTAL SERVICE

SEAL

James W. Peck
Director

Catherine Pieper Stevenson
Deputy Director

Kenneth Howarth
Treasurer

Carolyn D. Davis
Secretary

Attest:
Carolyn D. Davis, Secretary