BOARD OF DIRECTORS

MARYLAND ENVIRONMENTAL SERVICE

RESOLUTION 98-10-3R

A RESOLUTION

AUTHORIZING THE TRANSFER OF CERTAIN UNRESTRICTED RETAINED EARNINGS TO CERTAIN PROJECT RESERVE FUNDS, AND AUTHORIZING THE USE OF SUCH FUNDS BY THE SERVICE.

R E C I T A L S

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the powers **(i)** to acquire, construct, reconstruct, rehabilitate, improve, maintain, and operate water, wastewater and solid waste projects within or without the State; **(ii)** to create and establish project reserve funds, and **(iii)** to pay into such project reserve funds moneys appropriated and made available by the State for the purposes of such funds, and any other moneys which may be received or otherwise made available to the Service from any other source or sources which the Service has designated for deposit into such funds.

Pursuant to resolutions previously adopted by the Board, the Service implemented the Baltimore Regional Yard Debris Composting Facility Project (the "RCF Project"). In accordance with those resolutions, and to implement the RCF Project, the Service acquired and improved a parcel of real property located on Dorsey Run Road in Howard County, Maryland (the "RCF Property"). The Service has now determined to convey a portion of the RCF Property to a third party purchaser. The Service anticipates that the net proceeds of the sale of a portion of the RCF Property will be less than the amount the Service paid for that portion of the RCF Property.

The Service has previously established in Restricted Retained Earnings a Project Emergency Project Reserve Fund ("Project Emergency Fund"). The Project Emergency Fund has been funded from moneys made available to the Service from various sources. As of June 30,

1998, the Project Emergency Fund balance was $1,500,000. The Service desires to utilize moneys in the Project Emergency Fund for the purpose of absorbing a portion of the loss on the RCF Property that is not recovered from the net proceeds of the sale. The Service considers the use of the Project Emergency Fund to be in furtherance of the purposes of the Act and the Service.

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

1. The Service may utilize $1,500,000 from the Project Emergency Fund for the purpose of absorbing a portion of the loss on the RCF Property that is not recovered from the net proceeds of the sale of the RCF Property.

2. The Service is hereby directed to reimburse the Project Emergency Fund with revenue received and recognized as RCF Property recapture.

3. The Service is hereby directed to transfer $400,000 from unrestricted retained earnings to the Project Emergency Fund.

4. This Resolution shall be effective retroactive to July 1, 1998.

THIS SPACE INTENTIONALLY LEFT BLANK

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