

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 02-04-1R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of a Master Lease Agreement (the "Master Lease"), Equipment Schedule No. 1 (the "Equipment Schedule No. 1"), an Escrow Agreement (the "Escrow Agreement"), and related instruments and documents; authorizing the execution and delivery of a property lease (the "Facility Property Lease") for a certain parcel of real property and certain improvements thereon located at 4653 Hollins Ferry Road in Baltimore County, Maryland (the "Facility"); authorizing the execution and delivery of a property lease or other type of agreement for use of an additional parcel of real property in the general vicinity of Hollins Ferry Road (the "Parking Agreement"); and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2000 Replacement Volume, 2001 Supplement), as amended to date (the "Act"), including, (among others) the powers (i) to borrow money 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, (ii) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service, and (iii), to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purpose of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves.

The Service has developed the Project (as defined below) as a means of providing solid waste disposal and recycling services to the citizens of the State of Maryland. The Service intends to accept scrap tires at the Facility and recycle the scrap tires into crumb rubber and other useable products. The Project consists (by way of general description and not limitation), of a Wendt/Eldan SR Scrap Tire Recycling System, as substantially described in selected portions of a proposal (which has not been finally accepted by the Service) dated April 26, 2002, which are attached hereto collectively as Exhibit "1" (the "Wendt Proposal"); weigh scales; tractors, trailers, loaders, and other rolling stock; a derimner, a cutter, roll-off containers, and other miscellaneous tire handling and recycling equipment; and ancillary equipment, furnishings, and supplies. The Facility will utilize approximately sixty thousand (60,000) square feet within an existing warehouse located at 4653 Hollins Ferry Road, Baltimore. In conjunction with implementation of the Project, the Service will make improvements to the Facility.

The Service has had ongoing negotiations for the lease of the Facility. The Service's most recent proposal to the Facility Landlord for lease of the Facility is attached hereto as Exhibit "2". The agency intends to enter into the Facility Property Lease only after successful completion of arms-length negotiations for the lease of the Facility. The Service will not execute a Facility Property Lease that has a term that is less than the term of Equipment Schedule No. 1. The Service also intends to acquire rights to utilize another parcel of property in the vicinity of the Facility. The Service will utilize the second parcel for parking its vehicles and other uses ancillary to the Project. Upon successful negotiation for the use of the second parcel, the Service will enter into the Parking Agreement.

The Service has determined to obtain the Equipment described in Equipment Schedule No. 01 to the Master Lease (collectively, the "Lease") with Suntrust Leasing Corporation. The Suntrust Leasing Corporation has submitted to the Service a commitment letter dated April 26, 2002, a copy of which is attached as Exhibit "3". The funds made available under the Lease will be deposited with Suntrust Bank (the "Escrow Agent") pursuant to an Escrow Agreement between the Service and the Escrow Agent (the "Escrow Agreement") and will be applied to the acquisition of the Equipment in accordance with the Escrow Agreement. The Service proposes to enter into the Lease with Suntrust Leasing Corporation and the Escrow Agreement with the Escrow Agent substantially in the form presented to this meeting.

The Service considers the implementation of the Project, the acquisition of the Equipment, and all other transactions contemplated by 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 finds and determines that the financing of the Equipment pursuant to the terms of the Lease and the Escrow Agreement (collectively, the "Financing Documents") in substantially the form presented to this meeting and incorporated in this Resolution, in an amount not to exceed Four Million Seven Hundred Thousand Dollars (\$4,700,000.00), for a term not to exceed 10 years, and at an interest rate not to exceed Four and Three-quarters Percent (4.75%) per annum, are in the best interests of the Service for the acquisition of the Equipment. Copies of the Financing Documents are attached hereto as Exhibit "4".
3. The Financing Documents and the acquisition and financing of the Equipment under the terms and conditions as substantially described in the Financing Documents and this Resolution are hereby approved. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Financing Documents with any changes, insertions and omissions therein as may be approved the Director, such approval to be conclusively evidenced by such execution and delivery of the Financing Documents.

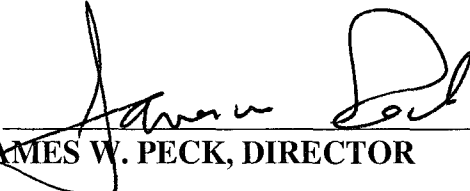
The Director, Treasurer, and Secretary of the Service is each hereby authorized to affix the official seal of the Service to the Financing Documents and attest the same.


4. The Board hereby finds and determines that execution and delivery of a Facility Property Lease and a Parking Agreement are in the best interests of the Service. The Director is hereby authorized to execute and deliver the Facility Property Lease and the Parking Agreement, each on terms and conditions the Director deems to be in the best interest of the Service. The Facility Property Lease may not have a term that is less than the term of Equipment Schedule No. 1.
5. The Director 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, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, the Financing Documents, the Facility Property Lease, and the Parking Agreement.
6. Pursuant to Section 265(b) of the Internal Revenue Code of 1986 (the "Code"), the Service hereby specifically designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.
7. The undersigned further certify that this Resolution has not been repealed or amended and remains in full force and effect and further certify that the Lease and Escrow Agreement executed on behalf of the Service are substantially the same as presented at such meeting of the Board of Directors of the Service, excepting only such changes, insertions and omissions as shall have been approved by the officers of the Service who executed the same.
8. 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 Board.
9. This Resolution shall take effect immediately upon its adoption.


ADOPTED, this 29th day of April, 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER DOUGHERTY, SECRETARY



Mr. Gregorio L. Africa
Division Director, Waste Management Services
Maryland Environmental Services
2011 Commerce Park Drive
Annapolis, Maryland 21401-2995

26 April 2002

Dear Greg,

As per your discussion with Joe Bertozzi, please accept this letter as confirmation that William D. Close, our Sales Engineer, is authorized to sign sales proposals on behalf of Wendt Corporation.

In the event you have any further questions, please feel free to contact me.
Thank you.

Sincerely,

Harold "Skip" Rouster
President



2080 MILITARY ROAD TONAWANDA, NEW YORK 14150-6765 USA
TEL: 716-873-2211 FAX: 716-873-9309 TOLL FREE: 888-WENDICO



WENDT CORPORATION

2080 MILITARY ROAD, TONAWANDA, NY 14150-6765 USA
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Order Acknowledgment No: **9050-B**
 Page 1 of 5

To: Maryland Environmental Service
 2011 Commerce Park Drive
 Annapolis, Maryland 21401-2995
 Attention: Mr. Gregorio L. Africa

Customer
 Telephone: 410-974-7295
 Fax: 410-974-7236

Buyer Mr. Gregorio L. Africa	Customer P.O. Number To Be Determined	Charge Number To Be Determined	Salesperson Tom Wendt, Jr.	Quote Date April 26, 2002
Ship Date See Below	F.O.B. Customer Site	Ship Via Ocean Freight	Terms See Below (In U.S. Dollars)	

QTY	Description	Unit Price	Total
	Wendt/Eldan SR Scrap Tire Recycling System as itemized below (Ref Wendt Drawing 301-4-0149-02, pages 1 through 3, dated 4-23-2002)		\$2,199,000.00 Base Scrap Tire System
	PRIMARY SHREDDING EQUIPMENT		
1	Belt Conveyor: Super Chopper Infeed (Item 4)		
1	Super Chopper 1412t, Hydraulic Power Unit and Electrical Panel (Items 5, 6, 7)		
1	Vibrating Conveyor: Super Chopper Discharge (Item 8)		
1	Belt Conveyor: Shuttle Infeed (Item 9)		
1	Belt Conveyor: TBF Shuttle (Item 10)		
	GRANULATION EQUIPMENT		
1	Tumble Back Feeder with Variable Speed Control (Items 11)		
1	Heavy Rasper - Model HR162T (Item 12)		
1	Vibrating Conveyor: Heavy Rasper Discharge (Item 13)		
1	Overband Magnet - Ferrous Scalping (Item 14)		
1	Screw Conveyor: Wire Discharge (Item 36)		
1	Belt Conveyor: Wire Removal (Item 37)		
1	Screw Conveyor: Buffer Silo Feed (Item 15)		
1	Buffer Silo V-4 (Item 16)		
1	Fine Granulator - Model FG-1500 (Item 17)		
1	Pneumatic High Vacuum Transport (Items 18)		
1	Classifier PC-10 (Item 19)		
1	Overband Magnet - Ferrous Scalping (Item 20)		
1	Fine Granulator - Model FG-1500 (Items 21)		
1	Pneumatic High Vacuum Transport (Items 22)		
1	Classifier PC-15 (Item 23)		
1	Vibrating Conveyor: Outlet Oscillator (Item 24)		
1	Drum Magnet (Item 25)		
1	Pneumatic Pressure Transport (Items 26)		
1	Aspirator - Model UP-1500 (Item 27)		
1	Pneumatic Transport - Oversize Return (Item 28)		
	BAGGING AND PACKAGING EQUIPMENT		
1	Pneumatic Pressure Transport: 1-4mm (Item 29)		
1	Screw Conveyor: Reversible Crumb Rubber Discharge 1-4mm (Item 35)		
1	Bagging Station: 1-4mm (Item 40)		
1	Pneumatic Pressure Transport: Under 1mm (Item 30)		
1	Screw Conveyor: Reversible Crumb Rubber Discharge Under 1mm (Item 35)		
1	Bagging Station: Under 1mm (Item 40)		
	DUST AND FIBER COLLECTION EQUIPMENT		
1	Cyclone / Baghouse / Main Fan (Item 33)		
1	Screw Conveyor: Fiber Collection (Item 38)		
1	Screw Conveyor: Fiber Transfer (Item 34)		
1	Screw Conveyor: Reversible Fiber Discharge (Item 39)		



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Order Acknowledgment No: 9050-B
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	Wendt/Eldan SR Scrap Tire Recycling System as itemized below <u>(Ref Wendt Drawing 301-4-0149-02, pages 1 through 3, dated 4-23-2002)</u>		Base Scrap Tire System (Continued)
	SYSTEM CONTROL EQUIPMENT		
1	Electrical Control Desk (Item 31)		
1	Electrical Control Panel (Item 32)		
	FIRE SUPRESSION EQUIPMENT - AUTOMATED CARBON DIOXIDE		
	An automated carbon dioxide fire suppression system is included with the tire recycling system. This package will provide fire suppression to protect the dust collection and granulation equipment. The system will be comprised of carbon dioxide cylinders with electrically controlled valves and fixed vent nozzles. The system is divided into four zones covering the equipment. Fire detection equipment with alarm status indicators and automated computer controls are also included. In the event a fire is detected an alarm will sound notifying the operator of the event. The computer control will automatically open the valve for the affected zone allowing carbon dioxide to flow. These nozzles will be directed at the open machinery areas where the fire could be extinguished. The dust collection equipment will be fitted with the same nozzles and will flood the internal areas of the bag house and cyclone.		



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<u>Additional Costs for Optional Equipment</u>			
Upgrade adding "Future Equipment" Line as itemized below (Ref Wendt Drawing 301-4-0149-02, pages 1 through 3, dated 4-23-2002)			\$1,688,675.00
<u>GRANULATION EQUIPMENT</u>			Optional Equipment
1	Tumble Back Feeder with Variable Speed Control (Items 11)		
1	Heavy Rasper - Model HR162T (Item 12)		
1	Vibrating Conveyor: Heavy Rasper Discharge (Item 13)		
1	Overband Magnet - Ferrous Scalping (Item 14)		
1	Screw Conveyor: Wire Discharge (Item 36)		
1	Screw Conveyor: Buffer Silo Feed (Item 15)		
1	Buffer Silo V-4 (Item 16)		
1	Fine Granulator - Model FG-1500 (Item 17)		
1	Pneumatic High Vacuum Transport (Items 18)		
1	Classifier PC-10 (Item 19)		
1	Overband Magnet - Ferrous Scalping (Item 20)		
1	Fine Granulator - Model FG-1500 (Items 21)		
1	Pneumatic High Vacuum Transport (Items 22)		
1	Classifier PC-15 (Item 23)		
1	Vibrating Conveyor: Outlet Oscillator (Item 24)		
1	Drum Magnet (Item 25)		
1	Pneumatic Pressure Transport (Items 26)		
1	Aspirator - Model UP-1500 (Item 27)		
1	Pneumatic Transport - Oversize Return (Item 28)		
<u>BAGGING AND PACKAGING EQUIPMENT</u>			
1	Pneumatic Pressure Transport: 1-4mm (Item 29)		
1	Screw Conveyor: Reversible Crumb Rubber Discharge 1-4mm (Item 35)		
1	Bagging Station: 1-4mm (Item 40)		
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1	Bagging Station: Under 1mm (Item 40)		
<u>DUST AND FIBER COLLECTION EQUIPMENT</u>			
1	Cyclone / Baghouse / Main Fan (Item 33)		
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QTY	Description	Unit Price	Total
	<p>START-UP AND OPERATION TRAINING: Unloading, Placement, Installation and Commissioning of equipment is Specifically excluded from this bid and is quoted separately.</p> <p>ELDAN SR SERVICE AGREEMENT:</p> <ul style="list-style-type: none"> The customer will permit an Eldan SR and a Wendt Corporation Service Technician to perform an inspection visit every three months, or 1,000 operating hours, which ever comes first. The technicians will review maintenance procedures and assess the need for any parts or labor required to restore the equipment to optimum operating condition. In the event the technicians discover any deficiencies, the customer agrees to abide by the recommendations made and correct the problem. The customer agrees to utilize only wear and service parts authorized or provided by Eldan SR or Wendt Corporation. In the event the technicians discover a situation of extreme abuse, Eldan SR and Wendt Corporation reserve the right to require more frequent inspection visits billable to the customer's account. The cost of the periodic inspection visits, including travel and living expenses, are included in this proposal. Eldan SR and Wendt Corporation reserve the right to withhold or suspend warranty coverage in the event the customer breaches any contractual obligations. <p>SHIP DATE: Typical ship date is 16 weeks after receipt of Signed Order with Deposit and PO. Ship date is subject to prior sales and will be confirmed at date of order.</p> <p>TERMS: All prices are in US Dollars</p> <ul style="list-style-type: none"> 25% Non-refundable deposit with signed Order Acknowledgement and Purchase Contract. 70% Irrevocable, transferable Letter of Credit opened in our favor no later than 30 days from receipt of signed Order Acknowledgment payable upon presentation of Clean On Board Ocean Bill of Lading 5% Due upon completion of installation and Commissioning of system 		



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QTY	Description	Unit Price	Total
	<p>WARRANTY AND COMMISSIONING TERMS:</p> <p>Twenty-four (24) calendar months or 4,000 operating hours, whichever comes first, per our "Extended Limited New Equipment Warranty". Upon completion of the installation, Wendt Corporation will Commission the Equipment. ("Commissioning") is defined as a Wendt Corporation authorized representative having performed start-up, final tuning, inspection and training of customer's designated personnel in the safe and proper operation of the equipment. Under no circumstances is the customer authorized to operate the equipment without such Commissioning being performed. Such Commissioning will be considered to have occurred as evidenced by customer's endorsement of the "Transfer/Acceptance Agreement", a sample of which is attached. Both the Wendt Corporation "Extended Limited New Equipment Warranty" and sample "Transfer/Acceptance Agreement" are integral Parts of this proposal. The customer is advised to carefully read the terms and conditions of this proposal, as well as the attached "Extended Limited New Equipment Warranty" and sample "Transfer/Acceptance Agreement".</p> <p>Items Excluded From Warranty Reimbursement:</p> <ul style="list-style-type: none"> • Conveyor belts, knives, screens, bolts and any other "consumable" items • Damage caused from unshreddables or abuse by non-conforming materials • Damage caused by incorrect operation and/or maintenance • Parts replaced due to normal wear and tear • Unauthorized labor and expenses will not be reimbursed. All warranty requests must be submitted in writing for approval prior to commencing. 		Base System Excluding Optional Equipment
Quotation Submitted By:		Total	\$2,199,000.00

WENDT CORPORATION

The countersigning and returning of this form will constitute an order.

William D. Close

William D. Close

Name

Sales Engineer

Title

Title

April 26, 2002

Date

Date

FREIGHT, INSURANCE, HANDLING AND TAXES WHERE APPLICABLE WILL BE ADDITIONAL. QUOTATION PRICES ARE VALID FOR ORDERS PLACED AND CONFIRMED WITHIN 90 DAYS AND DELIVERIES ARE SUBJECT TO PRIOR SALES.



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Order Acknowledgment No: **9057-B**
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Ship Date See Below	F.O.B. Customer Site	Ship Via Motor Freight	Terms See Below (In U.S. Dollars)	

QTY	Description	Unit Price	Total
	<p align="center"><u>Installation and Commissioning Services for the Wendt/Eldan Tire Recycling System</u> (Ref Wendt Drawing 301-4-0149-02, pages 1 through 3, dated 4-23-02)</p> <p>This proposal represents services for the complete rigging, placement, installation, start-up, testing and Commissioning of the Wendt/Eldan Tire Recycling System for Maryland Environmental Service facility located at 4653 Hollins Ferry Road - Baltimore inclusive of the following scope of supply (single line only).</p> <ul style="list-style-type: none"> • Rental of cranes, fork lifts, man lifts, cherry pickers and any other equipment required to off-load the system components from trucks/sea containers and for use during the installation process. • Concrete foundation for exterior Fiber Baghouse, Cyclones and Fiber Packers. (All other foundations matters are the customer's responsibility) • Supply all necessary tooling required for the installation, including hand tools, scaffolding, welders, torches, chop saws and drill presses. • Provide required consumable supplies including epoxy, lagging bolts, welding supplies and miscellaneous hardware. • All associated travel and living expenses. • Provide required labor for the off-loading, rigging, layout, and placement of the equipment. • Provide required labor for the layout, plumbing and securing of all air system duct work. • Supply labor and materials required for the electrical wiring of individual machines to the Wendt/Eldan SR control panels and stations, including providing all required cable trays and suspension components, as well as wiring to the customer supplied 1600 amp distribution panel • Installation of the externally mounted fiber system baghouse and all connecting ducting to the balance of the system. • Start-up and testing, with customer-supplied input material, of individual machines. • Complete system trials with customer-supplied input material. • Adjustment and tuning of the system and individual machines after processing customer-supplied input material. • Training of the staff in safety and maintenance procedures. • Plant Commissioning as evidenced by customer signing the "Transfer/Acceptance Agreement." 		\$351,000.00



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QTY	Description	Unit Price	Total
	<p>NOTE: This proposal was prepared, in part, with information provided by Maryland Environmental Service and is subject to the following conditions.</p> <ul style="list-style-type: none"> This proposal assumes that the drawings provided by Customer is an accurate representation of the facility in which the system will be located. This proposal was prepared without the benefit of building structural and plan/elevation drawings. It is assumed that the facility and all of its structural elements, including but not limited to, roof joists, support columns and walls will adequately support air ducting, wire trays and other system supports. This proposal does not include air supply for tooling or system equipment. This installation proposal assumes the customer's facility is equipped with adequate electrical power in terms of quality and quantity to supply the system at the main and distribution panels. Wendt Corporation's scope of electrical supply is defined as beginning at the customer supplied 1600 amp distribution panel. The Wendt/Eldan system is equipped with both CE rated <u>and</u> UL Listed components. Any additional costs incurred in the event modifications in system configuration or construction are required to comply with local codes, specifically, any compliance issues related to the UL 508 standard, will be for the customer's account. Modifications required to the customer's facility including, but not limited to, adequate ventilation, wall penetrations, etc. are beyond the scope of this proposal. This proposal specifically excludes adaptation of the customer's facility as it relates to "facility-wide" fire suppression in general, and as it relates to plumbing and sprinkler systems in particular. This proposal was prepared without consideration of locally required permits, which are beyond the scope of this proposal. Such permits include, but are not limited to, zoning ordinances, noise restrictions, air and water quality permits, scrap tire recycling permits or authorization and hazardous material handling requirements. 		



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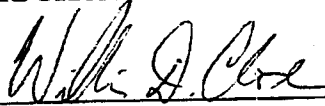
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QTY	Description	Unit Price	Total
	TERMS: 25% Due 30 days from equipment bill of lading ship date. 25% Due 30 days after equipment's arrival at customer site. 25% Due 30 days after placement of equipment within customer facility. 25% Due 30 days after completion of installation.		
		Total	\$351,000.00

Quotation Submitted By:
WENDT CORPORATION



 William D. Close

Sales Engineer

 Title

April 26, 2002

 Date

The countersigning and returning of this form will constitute an order.

 Name

 Title

 Date

FREIGHT, INSURANCE, HANDLING AND TAXES WHERE APPLICABLE WILL BE ADDITIONAL. QUOTATION PRICES ARE VALID FOR ORDERS PLACED AND CONFIRMED WITHIN 90 DAYS AND DELIVERIES ARE SUBJECT TO PRIOR SALES.



COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE.

April 26, 2002

8840 Stanford Boulevard, Suite 2500
Columbia, Maryland 21045

Mr. J. Joseph Casey, SIOR
Trammell Crow Company
7 St. Paul Street, Suite 700
Baltimore, MD 21202

Re: 4653 Hollins Ferry Road
Baltimore, Maryland

Dear Mr. Casey:

On behalf of Maryland Environmental Service, we are pleased to present the following Letter of Intent to lease approximately 60,000 square feet at 4653 Hollins Ferry Road based on the following terms and conditions.

- Landlord: Hollins Associates, LLC (a Maryland Limited Liability Corporation)
- Tenant: Maryland Environmental Service ("MES")
- Address: 4653 Hollins Ferry Road
Baltimore, MD
- Premises: 60,000 square feet of warehouse space plus exclusive use of the following areas; the loading area in front of the Premises, the side yard to the east of the Premises, the rail access to the rear (south) of the Premises.
- Additional Property: The Landlord and Tenant agree to mutually pursue the lease of approximately 19,000 square feet (dimensions of 430' x 50') of "Additional Property" not currently owned by Landlord for Tenant's exclusive use during the lease term as shown on the attached plan. The Additional Property shall be provided as part of the Leased Premises at a cost not to exceed \$10,000.00 annually to the Tenant for the duration of the lease term and any renewal periods. Additionally, the Landlord agrees to pay up to \$10,000.00 annually to provide such Additional Property to Tenant for the duration of the lease term and any renewal periods. Landlord and Tenant, and or its agents, will negotiate together in good faith to secure a lease for the Additional Property subject to the approval of both Landlord and Tenant. The Landlord



Mr. J. Joseph Casey, SIOR
April 26, 2002
Page Two

agrees to bear the transaction costs (legal, survey) of obtaining a lease for the Additional Property. If it is not possible to come to terms acceptable to all parties with the owner/tenant of the Additional Property and the Tenant is required to secure additional trailer parking off site, the Landlord agrees to share equally with the Tenant the cost of such off site trailer parking for the duration of the lease term and any renewal periods. In no event shall the Landlord's contribution towards off site trailer parking exceed \$10,000.00 annually. Securing a lease for the Additional Property or such off site trailer storage acceptable to the Tenant shall be a contingency to the Lease Agreement.

Proposed Use:

MES plans to utilize the facility as a Maryland tire recycling facility. Used/salvaged tires will be brought to the Premises by tractor-trailer. The tires will remain in trailers until they are off-loaded to machinery lines to be shredded into recycled raw material. The raw material will be palletized & shipped off-site.

Term:

Ten (10) Years & 9 months

Projected

Lease Commencement Date:

May 1, 2002

Rent Commencement Date:

February 1, 2003

Access & Occupancy:

Prior to and simultaneous to the execution of a lease document, MES shall be granted full access to the Premises for the purposes of property investigations and planning necessary to facilitate their operations. Upon execution of the Lease Agreement, MES shall be granted full occupancy of the Premises to construct improvements and install equipment.

Landlord's

Delivery of Premises:

The Premises will be demised to include a separate electric meter at Landlord's expense and delivered in "broom clean" condition. All mechanical & life safety systems including existing lighting, heat, electric service, fire rated doors, emergency & exit lighting, insulation, and other building systems are to be in good working condition. Any repairs necessary to bring these systems into good working

Mr. J. Joseph Casey, SIOR
April 26, 2002
Page Three

condition shall be at Landlord's expense. The Landlord will complete any structural repairs to the existing block firewalls. All existing damage to overhead doors to be repaired to Tenant's satisfaction within fifteen (15) days of lease execution. For all steel columns that are damaged or bent in the Premises, the Landlord shall provide Tenant with a written opinion from a certified structural engineer that identifies the damaged columns and certifies that the steel columns are structurally sound. On the exterior of the building the Landlord will provide at Landlord's expense, appropriate outside lighting, repair of entry doors, stairs & rails, repair of exterior downspouts & drains, and the repair of the existing damaged fire hydrants. If the Additional Property is leased, the existing boulders on the Additional Property shall be relocated at Landlord's expense to the northernmost property line so that they do not interfere with Tenant's intended use as trailer storage and car parking. The above repairs and improvements shall be completed by Landlord within thirty (30) days of lease execution.

Tenant's
Improvements:

MES plans on completing the following improvements to the Premises for their use at their expense per the terms outlined below.

Sprinkler System

Upgrades to the existing building sprinkler system to bring the system into compliance with current codes and to provide a system that meets the design criteria of Baltimore County for the proposed use are estimated to cost \$135,000.00 by Grinnell Sprinkler Company. MES will hire a design consultant to design and permit the sprinkler system in Baltimore County. Once permitted, MES will hire Grinnell Sprinkler Company or comparable firm to install the system upgrades per the approved plans.

Lighting

MES will hire a contractor to provide the appropriate lighting upgrades for their operation in the Premises.

Electric

MES requires 2,400 amps of 277/480 volt, 3 phase power to the Premises. The initial estimates to bring this electric service to the Premises is \$125,000.00 which includes the cost of BGE installing a new transformer on the property and the cost of running overhead lines to panels in the Premises. This cost may increase if BGE or the County require that the power lines from the new transformer to the building be buried.

Floor Reinforcements

MES will need to reinforce the floor under heavy machinery in the tire shredding line. MES estimates the cost of cutting the floor, adding new footers and the appropriate structural concrete floor at \$30,000.00. The new floor will be flush with the existing floor.

Fireproofing

MES will need to provide extensive fireproofing to meet Baltimore County fire codes estimated at \$93,000.00

Drive-in Ramp

MES will construct a drive-in ramp at an overhead door location estimated at \$10,000.00

Design Consultants

MES will hire the appropriate consultants to design and permit their plans for the Premises estimated at \$20,000.00

Office Trailers

MES will place two office trailers adjacent to the Premises in the loading area. MES will require access and approval to tie into the existing water and sewer system for servicing these office trailers.

Cyclone Bag Towers

MES will place two "Cyclone" bag towers on the side yard at the southeast end of the Premises. MES will need to penetrate the southwest exterior wall to provide power and compressed air lines to these towers. The supports for the power and compressed air lines will be attached to the outside of the southwest wall.

Landlord's approval of the installation of these systems will be required as part of the Lease.

In addition, MES will require the Landlord's approval for the following:

- 1) MES requires the right to install a fence and gate securing the Premises including all outside areas designated as exclusive to MES.
- 2) MES requires the right to install a scale to weigh trailers.

MES will provide plans and specifications of the above improvements for the Landlord's review and approval, such approval not to be unreasonably withheld or delayed. Upon submittal of any plans or contracts requiring Landlord approval, said approval shall be deemed obtained unless Landlord shall provide notice to the contrary within two (2) business days after submittal by Tenant.

Base Rent: Year 1: \$3.50 per square foot

Base Rent shall include base year real estate taxes, building insurance and structural maintenance. Tenant shall pay any increases in these expenses in the same proportion as the Tenant's leased square footage bears to the square footage of the entire building.

Base Rent Increase: On February 1, 2004 and each anniversary date thereafter, the Base Rent shall increase 2%.

Renewal Option: The Landlord shall provide two five (5) year renewal options to MES at the rental rate in the last year of the lease period escalated two (2%) percent per year.

Security Deposit: None. MES generally agrees to firming up language in the Lease Agreement that will ensure Tenant can not abandon the Premises leaving existing machinery in or outside the Premises such that Landlord would incur additional costs to relet the Premises in the event of a default by Tenant.

Mr. J. Joseph Casey, SIOR
April 26, 2002
Page Six

Tenant Improvement
Escrow:

Tenant shall provide three months rental (\$52,500.00) upon lease execution to Landlord that shall act as an escrow deposit during the construction of Tenant Improvements to ensure that the Tenant Improvements are completed without damage to the Building or Property. Upon completion of the Tenant Improvements by Tenant, the Landlord shall utilize the escrow deposit as payment for the first three months of Base Rent starting February 1, 2003.

Right of First Refusal:

Tenant shall have the first right of refusal to lease the adjoining 40,000 square feet of warehouse space that is located west of the Premises. When this space becomes available, Tenant shall have 30 days in which to decide if they wish to lease it. Rental for this additional space shall be at the then current rental rate that the Tenant is paying, including any additional rental.

Operating Expenses:

Real Estate Taxes – base year expense is Landlord's responsibility: any increase is Tenant's responsibility on a proportionate basis.

Building Insurance – base year expense is Landlord's responsibility: any increase is Tenant's responsibility on a proportionate basis. If the increase is caused solely by Tenant's use of Premises, then Tenant shall bear the whole cost of the increase.

Roof Maintenance – Landlord's responsibility, unless repairs are the result of Tenant's acts.

Structural Integrity – Landlord's responsibility, unless repairs are the result of Tenant's acts.

Sprinkler System – Tenant's responsibility for pro rata share of maintenance expense.

Utilities – Tenant is responsible for its own cost of utilities consumed within the lease premises per a separate meter.

Tenant is responsible for its proportional share of utilities consumed within Common Areas.

Janitorial Services – Tenant’s responsibility.

Interior Maintenance – Tenant’s responsibility.

Trash Removal – Tenant’s responsibility.

Water & Sewer – Tenant is responsible for its proportionate share.

Common Area Maintenance – Tenant is responsible for its proportionate share.

All operating expenses and common area maintenance as outlined above shall not increase in any given year by more than four (4%) percent, except for snow removal, real estate taxes and insurance. Tenant shall have audit rights to review Landlord’s accounting of any pass thru’s on an annual basis.

Hazardous Materials
Indemnity:

The Landlord shall indemnify and hold harmless the Tenant for any pre-existing environmental conditions that may exist as a result of previous occupants of the Premises or conditions that existed prior to Tenant’s occupancy on or about the Premises. The Landlord shall provide Tenant with any and all information within Landlord or agent’s possession with respect to the environmental condition of the property to include but not limited to the removal of any underground storage tanks and the existence of a monitoring well on the property.

MES will indemnify and hold harmless the Landlord from any environmental condition that might occur as a result of their use during the lease term or renewal periods.

Signage:

MES shall have the right to place signage on the building facade at the Premises and in the Landlord’s right-of-way on Hollins Ferry Road subject to County regulations with the Landlord’s reasonable review and approval.

Real Estate Commissions:

Upon successful completion of the lease and occupancy of the demised premises by Tenant, Landlord shall pay a full real estate commission to NAI/KLNB Inc.

Mr. J. Joseph Casey, SIOR
April 26, 2002
Page Eight

Tenant's Responsibility
Upon Vacating:

Upon vacating the Premises, Tenant shall remove all equipment and materials associated with Tenant's operation and the structural integrity of the walls, roof and floor shall be maintained.

Contingency:

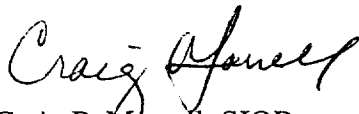
The Lease Agreement shall be contingent upon Tenant's ability to obtain the appropriate permits and approvals necessary to utilize the Premises for its intended use. The Lease Agreement shall also be contingent upon the satisfactory lease of the Additional Property or such other off site trailer storage satisfactory to Tenant.

Qualification:

The above represents the basic business terms in which both parties agree to move forward toward the execution of a mutually satisfactory Lease Agreement. However, nothing contained herein shall be binding upon either party until both parties have executed appropriate documents. No contract, lease, written agreement, modification or amendment shall exist or be binding on either part unless expressed, executed and delivered by both Landlord and Tenant. Neither Landlord nor Tenant may claim any legal rights against the other by reason of the signing of this proposal letter or by taking any action in reliance thereon.

We need to have this Letter of Intent executed by the Landlord by the close of business today. Please do not hesitate to contact me at (410) 290-1110 if you have any questions or comments.

Sincerely,



Craig P. Morrell, SIOR

Mr. J. Joseph Casey, SIOR
April 26, 2002
Page Nine

AGREED & ACCEPTED:

Maryland Environmental Service

Witness

Hollins Associates, LLC

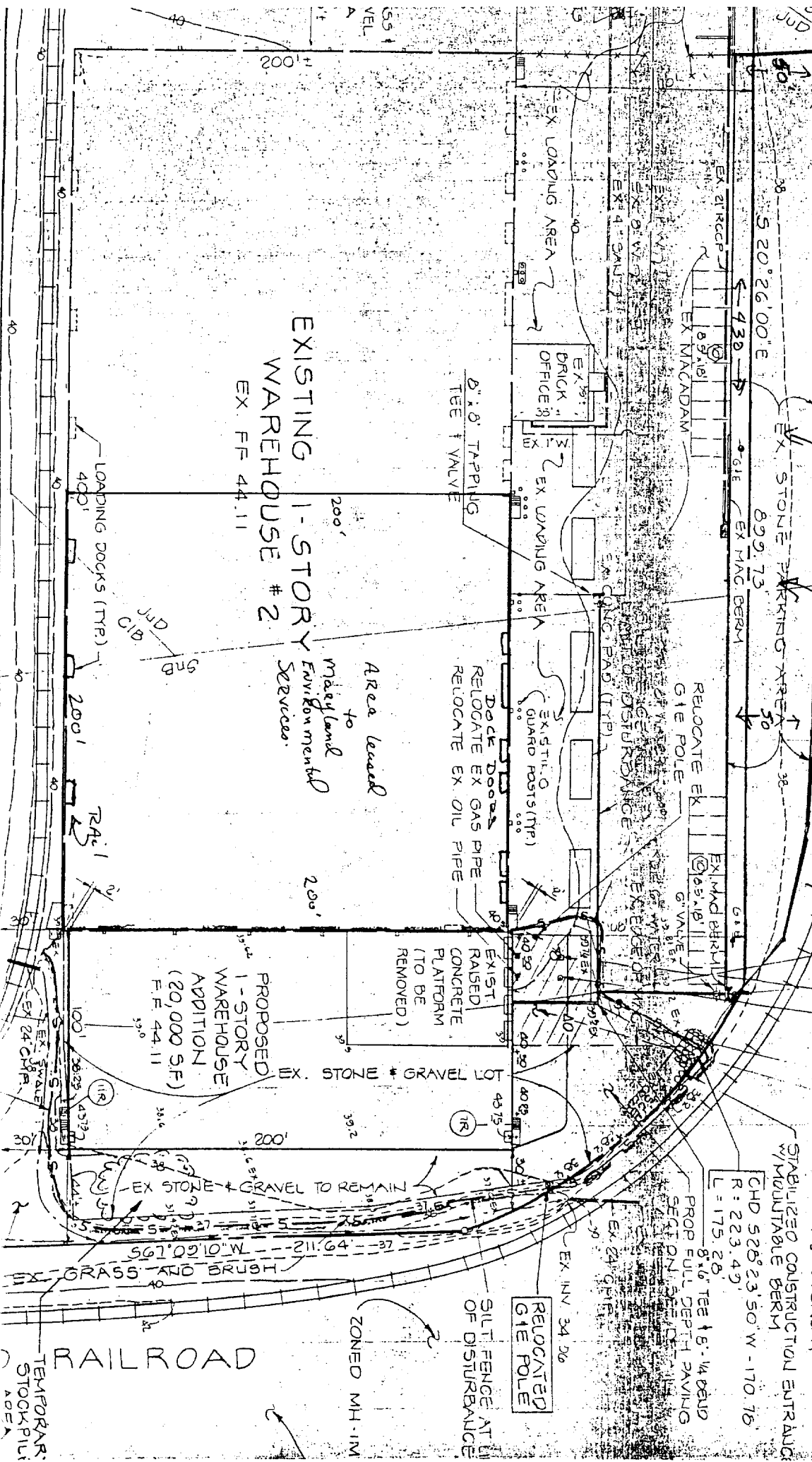
Witness

TRAMMELL CROW
ZONED MH-1M
WAREHOUSE USE

Additional Property

Major Land Environment / Services
Approximately 19,000 S.F. exclusive Trail Area Parking

STRIP + RESURFACE 3' WIDE AREA WITHIN 1/2" SURFACE COURSE
ADJUST EX PAVING AS NECESSARY
STABILIZED CONSTRUCTION ENTRANCE W/ADJUSTABLE BERM



EXISTING 1-STORY WAREHOUSE # 2
EX FF 44.11

Area leased to Maryland Environmental Services.

PROPOSED 1-STORY WAREHOUSE ADDITION (20,000 S.F.)
F.F. 44.11

EXIST RAISED CONCRETE PLATFORM (TO BE REMOVED)

RELOCATED 8" TEE + 8" 1/4" DEPTH PROP FULL DEPTH PAVING SECTION

CHD 525°23'50"W - 170.76
R = 223.49'
L = 175.20'

RAILROAD
TEMPORARY STOCKPILE AREA

ZONED MH-1M

SUNTRUST

Post-it® Fax Note	7671	Date	4/26/02	# of pages	4
To	Ken Howarth	From	Mike Norkey		
Co./Dept.	Finance	Co.	SunTrust		
Phone #	410-974-7270	Phone #	410-307-6642		
Fax #	410-974-7267	Fax #	410-307-6702		

April 25, 2002

Mr. Ken Howarth
Chief Financial Officer
Maryland Environmental Service
2011 Commerce Park Drive
Annapolis, Maryland 21401

VIA FACSIMILE (410) 974-7267

Dear Mr. Howarth:

SunTrust Leasing Corporation ("SLC") is pleased to advise you that your request for equipment refinancing has been approved on the following terms and conditions:

- LESSEE:** Maryland Environmental Service, an agency of the State of Maryland. Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code").
- LESSOR:** SunTrust Leasing Corporation, or its Assignee
- TYPE OF FINANCING:** Master Lease Agreement. Said Agreement shall be a net lease arrangement whereby Lessee is responsible for all costs of operation, maintenance, insurance, and taxes.
- GENERAL OBLIGATION:** The Agreement shall be based on a general obligation pledge by Lessee to pay Lessor and will not be based upon the annual appropriation of funds during each year of the lease term.
- BANK QUALIFICATION:** Lessee reasonably anticipates the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year 2002 will not exceed Ten Million (\$10,000,000.00) Dollars.

Maryland Environmental Service
Tire Recycling Project Financing
Page 2 of 5

EQUIPMENT TYPE: Tire recycling and materials handling equipment. Final equipment list must be approved by Lessor, and at Lessor's sole discretion, prior to funding.

EQUIPMENT COST: \$4,680,000.00

LEASE AMOUNT: \$4,680,000.00

LEASE TERM: Ten (10) years

LEASE RATE: 4.54%

LEASE PAYMENT: One (1) interest only payment due on November 3, 2002 followed by thirteen (13) semiannual payments of \$345,745.53 commencing on May 3, 2003 followed by six (6) semiannual payments of \$199,231.18 commencing on November 3, 2009.

RESERVE FUND: On the day of funding, Lessee will be required to establish an interest bearing reserve fund (the "Fund") equal, at all times during the Lease Term, to \$691,491.06. Lessee shall have the option to choose an investment fund type that satisfies its investment criteria so long as such investment shall be acceptable to Lessor. Interest earned on the investment will accrue to the benefit of the Lessee. Lessee shall have no right to redeem any monies from the fund until all monies owed under the Lease are satisfied. During the term of the Lease and until all Lease obligations are satisfied, the Fund will represent cash collateral to be used by Lessor to recoup losses in an event of default by Lessee and shall remain on deposit with SunTrust Bank until the end of the Lease Term and until all outstanding balances have been collected.

FACILITY LEASE: This Commitment is subject to Lessor's review and approval, at Lessor's sole discretion, of Lessee's Facility Lease.

LANDLORD - MORTGAGEE WAIVER: Both the Lessee and Lessee's Landlord will execute a Landlord Mortgagee Waiver. Said waiver shall be in a form and substance satisfactory to SLC. This Commitment is subject to Lessor's review and approval, at its sole discretion, of Lessee's Facility Lease.

*Maryland Environmental Service
Tire Recycling Project Financing
Page 3 of 5*

ESCROW FUNDING:

SLC has assumed funding of an escrow account for this transaction on or about May 3, 2002. The Equipment Acquisition Fund will be used to pay equipment vendors/contractors and any escrow expenses. The Escrow Agent shall be SunTrust Bank. Lessor will review and approve escrow disbursements prior to Escrow Agent disbursing of funds. It is assumed that interest earnings will accrue for benefit of Lessee. This proposal also does not take into consideration the application of any interest earnings from the escrow fund of the account.

REIMBURSEMENT:

If Lessee intends to be reimbursed for any equipment cost associated with this Agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced, and must qualify under the Treasury Regulation Section 1.150.2.

INSURANCE:

Lessee shall provide evidence of participation in the State of Maryland's self insurance program.

AUTHORIZED SIGNORS:

The Lessee's governing board shall provide SLC with its resolution or ordinance authorizing this Agreement and shall designate the individual(s) to execute all necessary documents used therein.

LEGAL OPINION:

The Lessee's counsel shall furnish SLC with an opinion covering this transaction and the documents used herein. This opinion shall be in a form and substance satisfactory to SLC.

TAX OPINION:

The Lessee's tax counsel shall furnish SLC with a tax opinion covering this transaction and the documents used herein. This tax opinion shall be in a form and substance satisfactory to SLC.

LEGAL TITLE:

Title to the equipment will be in the name of Lessee. Lessor will be granted a first priority security interest on all collateral being financed.

**Maryland Environmental Service
Tire Recycling Project Financing
Page 4 of 4**

DOCUMENTATION:

Lessor's form of lease documentation will be used and will remain substantially the same as the sample document provided herein. If the Lessee is required to use their own form of documentation, Lessee will bear all legal costs incurred by Lessor in having the documents reviewed and revised, if necessary, by Lessor's counsel.

RATE EXPIRATION:

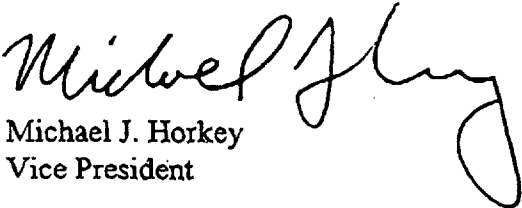
This commitment must be accepted by April 30, 2002. If acceptance is received by this date, the quoted Lease Rates will remain fixed if funding takes place May 3, 2002. If acceptance is not received by April 30, 2002, or funding does not take place by May 3, 2002, the Lease Rates and Lease Payment Amounts will be adjusted to market conditions three (3) days prior to funding. Once set, the Lease Rate will remain fixed for the Lease Term.

COMMITMENT EXPIRATION:

This financing must occur on or before May 17, 2002. If, for any reason, the financing does not take place by May 17, 2002 this commitment will automatically expire unless extended in writing by Lessor and at Lessor's sole discretion.

It is a pleasure to offer this commitment to the Service and we look forward to successfully funding the transaction by May 3, 2002.

Very truly yours,


Michael J. Horkey
Vice President

AGREED TO AND ACCEPTED BY:

(Name)

(Title)

(Date)

[LESSEE]

INDEX TO LEGAL DOCUMENTS
BANK-QUALIFIED ESCROW

Master Lease Agreement;

Exhibit A - Equipment Schedule No. 01;

Acceptance Certificate;

Payment Schedule;

Exhibit B-1 - Tax Agreement and Arbitrage Certificate;

Exhibit C - Resolution of Governing Body;

Exhibit D - Incumbency Certificate;

Exhibit E - Opinion of Counsel;

Exhibit F - Escrow Agreement, with its Schedule A;

Exhibit G-1 Confirmation of Outside Insurance;

Exhibit G-2 Questionnaire for Self-Insurance to Lease and Addendum;

UCC Financing Statements with attached Schedule A;

Form 8038-G.

SUNTRUST LEASING CORPORATION

MASTER LEASE AGREEMENT

LEASE NUMBER [01]

This **MASTER LEASE AGREEMENT** (the "Agreement"), dated as of [DATE] is made and entered into by and between **SUNTRUST LEASING CORPORATION**, a Virginia corporation, as lessor (the "Lessor"), and [LESSEE], a political subdivision of the State of [STATE], as lessee ("Lessee").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS-AND EXHIBITS

Section 1.1. Definitions. The following terms have the meanings specified below.

"Acceptance Certificate" means each Acceptance Certificate delivered by Lessee as part of an Equipment Schedule certifying as to the delivery, installation and acceptance of Equipment.

"Agreement" means this Master Lease Agreement and all Equipment Schedules hereto.

"Agreement Date" means the date first written above.

"Code" means the Internal Revenue Code of 1986, as amended, together with Treasury Regulations promulgated from time to time thereunder.

"Date Affected Information Technology" means a system comprised of one or more components including computer hardware, computer software or equipment with computerized functions, which reads, produces or processes date data by input, output or otherwise.

"Equipment" means all items of property described in Equipment Schedules and subject to this Agreement.

"Equipment Group" means each group of Equipment listed in a single Equipment Schedule.

"Equipment Schedule" means each sequentially numbered schedule executed by Lessor and Lessee with respect to an Equipment Group.

"Escrow Account" means the equipment acquisition account established by Lessor and Lessee with the Escrow Agent pursuant to the Escrow Agreement.

"Escrow Agent" means **SUNTRUST BANK**, a Georgia banking corporation, and any successor escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, substantially in the form of Exhibit F hereto, to be executed by Lessor, Lessee and the Escrow Agent upon the first funding of an Equipment Schedule using the procedure described in Section 2.4.

"Events of Default" means those events described in Section 12.1.

"Facility Lease" shall mean the [DESCRIBE FACILITY LEASE].

"Fiscal Year" means each 12-month fiscal period of Lessee.

"Fully Date Capable" means the ability to correctly process date data (including, but not limited to, reading, producing, calculating, comparing, and sequencing date data) from, into, and between the twentieth and twenty-first centuries) without material degradation in performance and without unusual intervention, including correct and continuous processing during the transition between 1999 and 2000, and correct processing if leap years.

"Funding Date" means, with respect to each Lease, the date Lessor makes payment to the Vendor(s) named in the

related Equipment Schedule or reimburses Lessee for the purchase price of the related Equipment Group or, if the procedure described in Section 2.4 is utilized, the date Lessor deposits funds equal to such purchase price into the Escrow Account.

"Interest" means the portion of a Rental Payment designated as and comprising interest as provided in a Payment Schedule.

"Lease" means, with respect to each Equipment Group, this Agreement and the Equipment Schedule relating thereto, which together shall constitute a separate contract between Lessor and Lessee relating to such Equipment Group.

"Lease Date" means, with respect to each Lease, the date so designated in the related Equipment Schedule.

"Lease Term" means, with respect to each Equipment Group, the period during which the related Lease is in effect as specified in Section 3.1.

"Net Proceeds" means any insurance proceeds or condemnation awards paid with respect to any Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

"Payment Date" means each date upon which a Rental Payment is due and payable as provided in a Payment Schedule.

"Payment Schedule" means the schedule of Rental Payments attached to an Equipment Schedule.

"Principal" means the portion of any Rental Payment designated as and comprising principal as provided in a Payment Schedule.

"Prepayment Price" means the amount so designated and set forth opposite a Payment Date in a Payment Schedule indicating the amount for which Lessee may purchase the related Equipment Group as of such Payment Date after making the Rental Payment due on such Payment Date.

"Rental Payment" means each payment due from Lessee to Lessor on a Payment Date.

"Specifications" means the bid specifications and/or purchase order pursuant to which Lessee has ordered any Equipment from a Vendor.

"State" means the state or commonwealth in which Lessee is situated.

"Reserve Fund" means the interest bearing reserve fund account established by Lessee in favor of Lessor with the Escrow Agent pursuant to Section 2.5 below.

"Vendor" means each of the manufacturers or vendors from which Lessee has ordered or with which Lessee has contracted for the manufacture, delivery and/or installation of the Equipment.

Section 1.2. Exhibits.

Exhibit A: Equipment Schedule including form of Acceptance Certificate and form of Payment Schedule.

Exhibit B-1: Form of Tax Agreement and Arbitrage Certificate (Escrow).

Exhibit C-1: Form of Resolution of the Governing Body of Lessee relating to each Lease (Escrow).

Exhibit D: Form of Incumbency Certificate as to each officer or representative of Lessee executing this Agreement or any Lease.

Exhibit E: Form of Opinion of Independent Counsel to Lessee.

Exhibit F: Form of Escrow Agreement.

Exhibit G-1: Form of Confirmation of Outside Insurance.

Exhibit G-2: Form of Questionnaire for Self-Insurance and Addendum to Equipment Schedule Relating to Self-Insurance.

ARTICLE II. LEASE OF EQUIPMENT

Section 2.1. Acquisition of Equipment. Prior to the addition of any Equipment Group, Lessee shall provide Lessor with a description of the equipment proposed to be subject to a Lease hereunder, including the cost and

vendor of such equipment, the expected delivery date and the desired lease terms for such equipment, and such other information as the Lessor may require. If Lessor, in its sole discretion, determines the proposed equipment may be subject to a Lease hereunder, Lessor shall furnish to Lessee a proposed Equipment Schedule relating to the Equipment Group for execution by Lessee and then Lessor. By execution hereof, Lessor has made no commitment to lease any equipment to Lessee.

Section 2.2. Disbursement. Lessor shall have no obligation to make any disbursement to a Vendor or reimburse Lessee for any payment made to a Vendor for an Equipment Group (or, if the escrow procedure described in Section 2.4 hereof is utilized, consent to a disbursement by the Escrow Agent) until five (5) business days after Lessor has received all of the following in form and substance satisfactory to Lessor: (a) a completed Equipment Schedule executed by Lessee; (b) an Acceptance Certificate in the form included with Exhibit A hereto; (c) a resolution or evidence of other official action taken by or on behalf of the Lessee to authorize the acquisition of the Equipment Group on the terms provided in such Equipment Schedule; (d) a Tax Agreement and Arbitrage Certificate in the form of Exhibit B-1 (as applicable) attached hereto; (e) evidence of insurance with respect to the Equipment Group in compliance with Article VII of this Agreement; (f) Vendor invoice(s) and/or bill(s) of sale relating to the Equipment Group, and if such invoices have been paid by Lessee, evidence of payment thereof and evidence of official intent to reimburse such payment as required by the Code; (g) financing statements naming Lessee as debtor and/or the original certificate of title or manufacturer's certificate of origin and title application, if any, for any Equipment which is part of such Equipment Group and is subject to certificate of title laws; (h) a completed and executed Form 8038-G or 8038-GC, as applicable, or evidence of filing thereof with the Secretary of Treasury; (i) an opinion of counsel to the Lessee substantially in the form of Exhibit E hereto, and (j) any other documents or items reasonably required by Lessor.

Section 2.3. Lease; Possession and Use. Lessor hereby leases the Equipment to Lessee, and Lessee hereby leases the Equipment from Lessor, upon the terms and conditions set forth herein. Lessee shall have quiet use and enjoyment of and peaceably have and hold each Equipment Group during the related Lease Term, except as expressly set forth in this Agreement.

Section 2.4. Escrow Procedure. If Lessor and Lessee agree that the cost of an Equipment Group is to be paid from an Escrow Account: (a) Lessor and Lessee shall execute an Escrow Agreement substantially in the form of Exhibit F; (b) Lessor and Lessee shall execute an Equipment Schedule relating to such Equipment Group; and (c) Lessor shall deposit an amount equal to the cost of the Equipment Group into the Escrow Account. All amounts deposited by Lessor into the Escrow Account shall constitute a loan from Lessor to Lessee which shall be repaid by the Rental Payments due under the related Lease.

Section 2.5. Reserve Fund. To the extent required in any Schedule, Lessee shall establish as security for its obligations hereunder a Reserve Fund to be held for the benefit of Lessor with the Escrow Agent.

ARTICLE III. TERM

Section 3.1. Term. This Agreement shall be in effect from the Agreement Date until termination under Section 12.2; provided, however, no Equipment Schedules shall be executed after any Event of Default. Each Lease with respect to an Equipment Group shall be in effect for a Lease Term commencing upon the Lease Date and ending as provided in Section 3.5.

Section 3.2. Termination of Lease Term. The Lease Term with respect to any Lease will terminate upon the occurrence of the first of the following events: (a) the payment of the Prepayment Price by Lessee pursuant to Article V; (b) an Event of Default by Lessee and Lessor's election to terminate such Lease pursuant to Article XII; or (c) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee pursuant to such Lease.

ARTICLE IV. RENTAL PAYMENTS

Section 4.1. Rental Payments. The Lessee agrees to pay the Rental Payments due as specified in the Payment Schedule in Exhibit A. A portion of each Rental Payment is paid as interest as specified in the Payment Schedule of each lease, and the first Rental Payment will include Interest accruing from the Funding Date. Lessor is authorized to insert the due date of the first Rental Payment in the Payment Schedule in Exhibit A. All Rental Payments shall be paid to Lessor, or to such assignee(s) Lessor has assigned as stipulated in Article XI, at such places as Lessor or such assignee(s) may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments with lawful money of the United States of America from moneys legally available therefor.

Section 4.2. General Obligation. Each Lease and all Rental Payments due thereunder shall constitute a general obligation of Lessee issued on the full faith and credit of Lessee.

Section 4.3. Unconditional Rental Payments. The Lessee's obligation to make Rental Payments shall be absolute and unconditional. Also, any other payments required hereunder shall be absolute and unconditional. Lessee shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes. The Lessee shall not assert any right of set-off or counterclaim against its obligation to make these payments. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment. The Lessee shall be obligated to continue to make payments required of it by this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

ARTICLE V. OPTION TO PREPAY

Section 5.1. Option to Prepay. Lessee shall have the option to prepay its obligations under any Lease in whole but not in part on any Payment Date for the then applicable Prepayment Price (which shall include a prepayment fee) as set forth in the related Payment Schedule, provided there has been no Event of Default.

Section 5.2. Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Lessor not later than such Payment Date an amount equal to all Rental Payments and any other amounts then due or past due under the related Lease (including the Rental Payment due on the Payment Date on which the option shall be effective) and the applicable Prepayment Price set forth in the related Payment Schedule. In the event that all such amounts are not received by Lessor on such Payment Date, such notice by Lessee of exercise of shall be void and the related Lease shall continue in full force and effect.

Section 5.3. Release of Lessor's Interest. Upon receipt of the Prepayment Price in good funds with respect to any Equipment Group, the Lease with respect to such Equipment Group shall terminate and Lessee shall become entitled to such Equipment Group AS IS, WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that such Equipment Group shall not be subject to any lien or encumbrance created by or arising through Lessor.

ARTICLE VI. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1. Representations and Warranties of Lessee. Lessee represents and warrants as of the Agreement Date and as of each Lease Date as follows:

- (a) Lessee is a state or political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, each Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and each Lease.
- (b) The execution and delivery of this Agreement and each Lease have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement, each Lease and the acquisition and financing of the Equipment by Lessee.
- (c) This Agreement and each Lease have been duly executed and delivered by and constitutes the valid and binding obligation of Lessee, enforceable against Lessee in accordance with their respective terms.
- (d) The execution, delivery and performance of this Agreement and each Lease by Lessee shall not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.
- (e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or any Lease or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or any Lease.
- (f) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time during the past ten (10) years has been terminated by Lessee as a result of

insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years.

(g) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Lease Term. Lessee presently intends to continue each Lease hereunder for its entire Lease Term and to pay all Rental Payments relating thereto.

(h) Lessee has undertaken reasonable efforts to determine whether all material Date Affected Information Technology used in its operations is Fully Date Capable, and, to the extent necessary, Lessee has initiated efforts to make Date Affected Information Technology Fully Date Capable prior to the date that the failure to be Fully Date Capable would adversely affect the operation thereof.

Section 6.2. Covenants of Lessee. Lessee agrees that so long as any Rental Payments or other amounts due under this Agreement remain unpaid:

(a) Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Lessee shall not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition would change or impair the originally intended functions, value or use of such Equipment.

(b) Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder.

(c) Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such claim.

(d) Upon Lessor's request, Lessee shall provide Lessor with current financial statements, budgets, and such other financial information relating to the ability of Lessee to continue this Agreement and each Lease as may be reasonably requested by Lessor.

(e) Lessee shall promptly and duly execute and deliver to Lessor such further documents, instruments and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

(f) Lessee has initiated, at its sole expense, and shall maintain a program to: (i) advise Lessor in the event that it has reason to believe that any material Date Affected Information Technology will not be Fully Date Capable prior to the date that the failure to be Fully Date Capable would adversely affect the operation thereof, and (ii) advise Lessor in the event that Lessee has reason to believe that it will be adversely affected by the failure of any affiliated or nonaffiliated entity to have its Date Affected Information Technology Fully Date Capable.

(g) Lessee shall provide Lessor, upon request, access to and copies of information necessary to permit Lessor to determine whether Lessee's Date Affected Information Technology is, or will be, Fully Date Capable, including, without limitation: (i) minutes, resolutions and reports to and from Lessee's governing body or committee thereof, (ii) internally generated reports, consultant reports or auditor's report regarding the status of Lessee's Date Affected Information Technology, (iii) all documents relating to a "Year 2000" program, and (iv) certificates or other statements requested by Lessor regarding status of Date Affected Information Technology. Lessee acknowledges that Lessor's right to receive, and/or Lessor's receipt of, the foregoing information does not impose any obligation on Lessor to assess the accuracy or effect of such information, or to recommend or require remedial action of any kind.

Section 6.3. Tax Related Representations, Warranties and Covenants.

(a) *Incorporation of Tax Agreement and Arbitrage Certificate.* As of each Lease Date and with respect to each Lease, Lessee makes each of the representations, warranties and covenants contained in the Tax Agreement and Arbitrage Certificate delivered with respect to such Lease. By this reference each such Tax Agreement and Arbitrage Certificate is incorporated in and made a part of this Agreement.

(b) *Event of Taxability.* If Lessor either (i) receives notice, in any form, from the Internal Revenue Service or

(ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor, that Lessor may not exclude any Interest paid under any Lease from its Federal gross income (each an "Event of Taxability"), the Lessee shall pay to Lessor upon demand (x) an amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the Interest due through the date of such event), will restore to Lessor its after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Rental Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by such Lease through the date of such event and (y) as additional Rental Payments to Lessor on each succeeding Payment Date such amount as will maintain such after-tax yield to Lessor.

ARTICLE VII. INSURANCE AND RISK OF LOSS

Section 7.1. Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and/or assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Equipment Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment or the applicable Prepayment Price of each Equipment Group.

Section 7.2. Workers' Compensation Insurance. If required by State law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

Section 7.3. Insurance Requirements.

(a) *Insurance Policies.* All insurance policies required by this Article shall be taken out and maintained with insurance companies acceptable to Lessor and shall contain a provision that thirty (30) days prior to any change in the coverage the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each insurance policy shall name Lessor and/or its assigns as an additional insured party and loss payable regardless of any breach of warranty or other act or omission of Lessee and shall include a lender's loss payable endorsement for the benefit of Lessor and/or its assigns. Prior to the delivery of Equipment, Lessee shall deposit with Lessor evidence satisfactory to Lessor of such insurance and, prior to the expiration thereof, shall provide Lessor evidence of all renewals or replacements thereof.

(b) *Self Insurance.* With Lessor's prior consent, Lessee may self-insure the Equipment by means of an adequate insurance fund set aside and maintained for that purpose which must be fully described in a letter delivered to Lessor in form acceptable to Lessor.

(c) *Evidence of Insurance.* Lessee shall deliver to Lessor upon acceptance of any Equipment evidence of insurance which complies with this Article VII with respect to such Equipment to the satisfaction of Lessor, including, without limitation, the confirmation of insurance in the form of Exhibit G-1 attached hereto together with Certificates of Insurance, when available, or the Questionnaire for Self-Insurance and Addendum to Equipment Schedule Relating to Self-Insurance in the form of Exhibit G-2 attached hereto, as applicable.

Section 7.4. Risk of Loss. To the extent permitted by applicable laws of the State, as between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment and for injury to or death of any person or damage to any property. Whether or not covered by insurance, Lessee hereby assumes responsibility for and agrees to indemnify Lessor from all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses, including reasonable attorneys' fees, imposed on, incurred by or asserted against Lessor that relate to or arise out of this Agreement, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment, (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment, (c) the condition of the Equipment sold or otherwise disposed of after possession by Lessee, (d) the conduct of Lessee, its officers, employees and agents, (e) a breach of Lessee of any of its covenants or obligations hereunder, (f) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs, and (g) any strict liability under the laws or judicial decisions of any state or the United States. This provision shall survive the termination of this Agreement.

Section 7.5. Destruction of Equipment. Lessee shall provide a complete written report to Lessor immediately upon any loss, theft, damage or destruction of any Equipment and of any accident involving any Equipment. Lessor may inspect the Equipment at any time and from time to time during regular business hours. If all or any part of the

Equipment is stolen, lost, destroyed or damaged beyond repair ("Damaged Equipment"), Lessee shall within thirty (30) days after such event either: (a) replace the same at Lessee's sole expense with equipment having substantially similar Specifications and of equal or greater value to the Damaged Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's approval, whereupon such replacement equipment shall be substituted in the applicable Lease and the other related documents by appropriate endorsement or amendment; or (b) pay the applicable Prepayment Price of the Damaged Equipment determined as set forth in the related Equipment Schedule. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If, within forty-five (45) days of the loss occurrence, (a) Lessee fails to notify Lessor; (b) Lessee and Lessor fail to execute an amendment to the applicable Equipment Schedule to delete the Damaged Equipment and add the replacement equipment or (c) Lessee has failed to pay the applicable Prepayment Price, then Lessor may, at its sole discretion, declare the applicable Prepayment Price of the Damaged Equipment, to be immediately due and payable. The Net Proceeds of insurance with respect to the Damaged Equipment shall be made available by Lessor to be applied to discharge Lessee's obligation under this Section.

ARTICLE VIII. OTHER OBLIGATIONS OF LESSEE

Section 8.1. Maintenance of Equipment. Lessee shall notify Lessor in writing prior to moving the Equipment to another address and shall otherwise keep the Equipment at the address specified in the related Equipment Schedule. Lessee shall, at its own expense, maintain the Equipment in proper working order and shall make all necessary repairs and replacements to keep the Equipment in such condition including compliance with State and federal laws. Any and all replacement parts must be free of encumbrances and liens. All such replacement parts and accessories shall be deemed to be incorporated immediately into and to constitute an integral portion of the Equipment and as such, shall be subject to the terms of this Agreement.

Section 8.2. Taxes. Lessee shall pay all taxes and other charges which are assessed or levied against the Equipment, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor, except as expressly limited by this Section. Lessee shall pay all utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment, and all special assessments and charges lawfully made by any governmental body that may be secured by a lien on the Equipment. Lessee shall not be required to pay any federal, state or local income, succession, transfer, franchise, profit, excess profit, capital stock, gross receipts, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

Section 8.3. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may take such action to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of 18% per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE IX. TITLE

Section 9.1. Title. During the Lease Term, ownership and legal title of all Equipment and all replacements, substitutions, repairs and modification shall be in Lessee and Lessee shall take all action necessary to vest such ownership and title in Lessee. Lessor does not own the Equipment and by this Agreement and each Lease is merely financing the acquisition of such equipment for Lessee. Lessor has not been in the chain of title of the Equipment, does not operate, control or have possession of the Equipment and has no control over the Lessee or the Lessee's operation, use, storage or maintenance of the Equipment.

Section 9.2. Security Interest. Lessee hereby grants to Lessor a continuing, first priority security interest in and to the Equipment, all repairs, replacements, substitutions and modifications thereto and all proceeds thereof and in the Escrow Account (if any) and the Reserve Fund (if any) in order to secure Lessee's payment of all Rental Payments and the performance of all other obligations. Lessee hereby authorizes Lessor to prepare and file such financing statements and other such documents to establish and maintain Lessor's valid first lien and perfected security interest. Lessee will join with Lessor in executing such documents and will perform such acts as Lessor may request to establish and maintain Lessor's valid first lien and perfected security interest. If requested by Lessor, Lessee shall obtain a landlord and/or mortgagee's consent and waiver with respect to the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment, and maintain such markings during the Lease Term, to clearly disclose Lessor's security interest in the Equipment. Upon termination of a Lease through exercise of Lessee's option to prepay pursuant to Article V or through payment by Lessee of all Rental Payments and other amounts due

with respect to an Equipment Group, Lessor's security interest in such Equipment Group shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment Group.

Section 9.3. Modification of Equipment. Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

Section 9.4. Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

ARTICLE X. WARRANTIES

Section 10.1. Selection of Equipment. Each Vendor and all of the Equipment have been selected by Lessee. Lessor shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Lessee, the acceptance by any Vendor or its sales representative of any order submitted, or any delay or failure by such Vendor or its sales representative to manufacture, deliver or install any Equipment for use by Lessee.

Section 10.2. Vendor's Warranties. Lessor hereby assigns to Lessee for and during the related Lease Term, all of its interest, if any, in all Vendor's warranties, guarantees and patent indemnity protection, express or implied issued on or applicable to an Equipment Group, and Lessee may obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessor has no obligation to enforce any Vendor's warranties or obligations on behalf of itself or Lessee.

Section 10.3. Disclaimer of Warranties. LESSEE ACKNOWLEDGES THAT THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY, AND MANUFACTURE SELECTED BY LESSEE. LESSEE ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT, AND DOES NOT INSPECT THE EQUIPMENT BEFORE DELIVERY TO LESSEE. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANT-ABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EQUIPMENT OR LESSEE'S USE OF THE EQUIPMENT.

ARTICLE XI. ASSIGNMENT AND SUBLEASING

Section 11.1. Assignment by Lessor. Lessor, without Lessee's consent, may assign and reassign all of Lessor's right, title and/or interest in and to this Agreement or any Lease, including, but not limited to, the Rental Payments and other amounts payable by Lessee and Lessor's interest in the Equipment, in whole or in part to one or more assignees or subassignee(s) by Lessor at any time. No such assignment shall be effective as against Lessee unless and until written notice of the assignment is provided to Lessee. When presented with a notice of assignment, Lessee will acknowledge in writing receipt of such notice for the benefit of Lessor and any assignee. Lessee shall keep a complete and accurate record of all such assignments.

Section 11.2. Assignment and Subleasing by Lessee. Neither this Agreement nor any Lease or any Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee.

ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The occurrence of any of the following events shall constitute an Event of Default under this Agreement and each Lease:

- (a) Lessee's failure to pay, within ten (10) days following the due date thereof, any Rental Payment or other amount required to be paid to Lessor.
- (b) Lessee's failure to maintain insurance as required by Article VII.
- (c) With the exception of the above clauses (a) & (b), Lessee's failure to perform or abide by any condition, agreement or covenant for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration.
- (d) Lessor's determination that any representation or warranty made by Lessee in this Agreement was untrue in

any material respect upon execution of this Agreement or any Equipment Schedule.

(e) The occurrence of an Event of Taxability.

(f) The filing of a petition in bankruptcy by or against Lessee, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental functions or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

(g) The occurrence of a default or an event of default under the Facility Lease.

Section 12.2. Remedies on Default. Upon the occurrence of any Event of Default, Lessor shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies:

(a) Lessor, with or without terminating this Agreement or any Lease, may declare all Rental Payments immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) Lessor, with or without terminating this Agreement or any Lease, may repossess any or all of the Equipment by giving Lessee written notice to deliver such Equipment in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon Lessee's premises where such Equipment is kept and take possession of such Equipment and charge Lessee for costs incurred, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. If the Equipment or any portion has been destroyed, Lessee shall pay the applicable Prepayment Price of the destroyed Equipment as set forth in the related Payment Schedule. Regardless of the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments due.

(c) If Lessor terminates this Agreement and/or any Lease and, in its discretion, takes possession and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the applicable Prepayment Prices of the Equipment Groups; and (v) the balance of any Rental Payments owed by Lessee. Any disposition proceeds remaining after the requirements of Clauses (i), (ii), (iii), (iv) and (v) have been met shall be paid to Lessee.

(d) Lessor may take any other remedy available, at law or in equity, with respect to such Event of Default, including those requiring Lessee to perform any of its obligations or to pay any moneys due and payable to Lessor and Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in enforcing any remedy hereunder.

(e) Each of the foregoing remedies is cumulative and may be enforced separately or concurrently.

Section 12.3. Return of Equipment: Release of Lessee's Interest. Upon termination of any Lease after an Event of Default, Lessee shall, within ten (10) days after such termination, at its own expense: (a) perform any testing and repairs required to place the related Equipment in the condition required by Article VIII; (b) if deinstallation, disassembly or crating is required, cause such Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c) return such Equipment to a location specified by Lessor, freight and insurance prepaid by Lessee. If Lessee refuses to return such Equipment in the manner designated, Lessor may repossess the Equipment without demand or notice and without court order or legal process and charge Lessee the costs of such repossession. Upon termination of this Agreement in accordance with Article XII hereof, at the election of Lessor and upon Lessor's written notice to Lessee, full and unencumbered legal title and ownership of the Equipment shall pass to Lessor. Lessee shall have no further interest therein. Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

Section 12.4 Late Charge. Lessor shall have the right to require late payment charge for each Rental or any other amount due hereunder which is not paid within 10 days of the date when due equal to the lesser of 5% of each late payment or the legal maximum. This Section is only applicable to the extent it does not affect the validity of this Agreement.

ARTICLE XIII. MISCELLANEOUS PROVISIONS

Section 13.1. Notices. All written notices to be given under this Agreement shall be given by mail to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72

hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, or, if given by other means, when delivered at the address specified in this Section 13.1.

Section 13.2. Binding Effect. This Agreement and each Lease hereunder shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under any Lease.

Section 13.3. Severability. In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4. Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

Section 13.5. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

Section 13.6. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement. Lessee hereby authorizes Lessor to file any financing statement or supplements thereto as may be reasonably required for correcting any inadequate description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement.

Section 13.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 13.8. Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Equipment Schedule, in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of Interest or any amount in the nature of Interest or fees in excess of the maximum amount permitted by applicable law. Any such excess Interest or fees shall first be applied to reduce Principal, and when no Principal remains, refunded to Lessee. In determining whether the Interest paid or payable exceeds the highest lawful rate, the total amount of Interest shall be spread through the applicable Lease Term so that the Interest is uniform through such term.

Section 13.9. Lessee's Performance. A failure or delay of Lessor to enforce any of the provisions of this Agreement or any Lease shall in no way be construed to be a waiver of such provision.

Section 13.10. Waiver of Jury Trial. Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Agreement.

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EXECUTION PAGE OF MASTER LEASE AGREEMENT

LEASE NUMBER [01]

IN WITNESS WHEREOF, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

**[LESSEE],
CORPORATION,
Lessee**

SUNTRUST

LEASING

Lessor

By: _____

Name: [LESSEE NAME]

Title: [LESSEE TITLE]

Date:

By: _____

Name: Michael J. Powers

Title: Secretary

Date: _____

Address: [LESSEE ADDRESS]
400

Address: 29 W. Susquehanna Avenue, Suite
Towson, MD 21204

Telephone: [LESSEE PHONE NO.]
Facsimile: [LESSEE FAX NO.]

Telephone: 410/307-6644
Facsimile: 410/307-6702

EXHIBIT A

**EQUIPMENT SCHEDULE NO. 01
TO LEASE NO. [01]**

The following Equipment comprises an Equipment Group which is the subject of the Master Lease Agreement dated as [DATE] (the "Agreement") between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessee hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Lessee warrants that no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement. An Acceptance Certificate and Payment Schedule are attached to this Equipment Schedule and by reference are made a part hereof. The terms capitalized in this Equipment Schedule but not defined herein shall have the meanings assigned to them in the Agreement.

As conditions precedent to the funding of this Lease, (i) Lessee shall establish with the Escrow Agent a Reserve Fund to be titled "Maryland Environmental Service-SunTrust Leasing Reserve Fund" which account shall be governed by the provisions of the Escrow Agreement and shall deposit into such account the sum of \$691,491.06, and (ii) Lessee shall deliver a Landlord's Waiver and, if applicable, a Landlord's Mortgagee's Waiver in form satisfactory to Lessor.

Notwithstanding anything to the contrary in Section 3.5 of the Agreement, this Lease shall terminate automatically without further action by Lessor upon the termination for any reason of the Facility Lease.

EQUIPMENT GROUP

The cost of the Equipment Group to be funded by Lessee under this Lease is [FUNDING AMOUNT](the "Acquisition Cost"). The Equipment Group consists of the following Equipment which has been or shall be purchased from the Vendor(s) named below for the prices set forth below:

The Equipment Group is or will be located at the following address(es). Prior to relocation of the Equipment Group or any portion thereof during the Lease Term, Lessee will provide written notice to Lessor:

[LESSEE ADDRESS],

[LESSEE],
CORPORATION,
Lessee

SUNTRUST LEASING
Lessor

By: _____

By:

Name: [LESSEE NAME]

Name: Michael J. Powers

Title: [LESSEE TITLE]

Title: Secretary

Date: _____

Date: _____

Address: [LESSEE ADDRESS]
400

Address: 29 W. Susquehanna Avenue, Suite
Towson, MD 21204

Telephone: [LESSEE PHONE NO.]
Facsimile: [LESSEE FAX NO.]

Telephone: 410/307-6644
Facsimile: 410/307-6702

Lease No.: [01]

Equipment Schedule:

ACCEPTANCE CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the Lessee identified below and, with respect to the above referenced Equipment Schedule and Lease, that:

1. The Equipment described below has been delivered and installed in accordance with Lessee's specifications, is in good working order and is fully operational and has been fully accepted by Lessee on or before the date indicated below:

2. Attached are (a) evidence of insurance with respect to the Equipment in compliance with Article VII of the Agreement; (b) Vendor invoice(s) and/or bill(s) of sale relating to the Equipment, and if such invoices have been paid by Lessee, evidence of payment thereof (evidence of official intent to reimburse such payment as required by the Code having been delivered separately by Lessee); and (c) financing statements executed by Lessee as debtor and/or the original certificate of title or manufacturer's certificate of origin and title application, if any, for any Equipment which is subject to certificate of title laws.

3. Rental Payments shall be due and payable by Lessee on the dates and in the amounts indicated on the Payment Schedule attached to the Equipment Schedule. Such Rental Payments are a general obligation of Lessee with the full faith and credit of Lessee.

4. Lessee hereby authorizes and directs Lessor to fund the Acquisition Cost of the Equipment by paying, or directing the payment by the Escrow Agent (if applicable) of, the invoice prices to the Vendor(s), in each case as set forth above, or by reimbursing Lessee in the event such invoice prices have been previously paid by Lessee.

_____ 5. **Final Acceptance Certificate.** This Acceptance Certificate constitutes final acceptance of all of the Equipment identified in the Equipment Schedule described above. Lessee certifies that upon payment in accordance with paragraph 4 above, or direction to the Escrow Agent (if applicable) to make payment, Lessor shall have fully and satisfactorily performed all of its covenants and obligations under the Lease. [CHECK BOX IF APPLICABLE.]

[LESSEE],
Lessee

By: _____
Name: [LESSEE NAME]
Title: [LESSEE TITLE]
Date: _____

Lease Number: [01]
Equipment Schedule:

01

PAYMENT SCHEDULE

The Funding Date with respect to the above referenced Equipment Group shall be April 9, 2002. The Annual Interest Rate applicable to the Equipment Group shall be % Lessee will make Rental Payments each consisting of Principal and Interest as set forth below for a term of 4 years. The first Rental Payment is due on [DATE] and subsequent payments are due [monthly][semi-annually][annually] on like date thereafter.

Payment Number	Payment Date	Payment Amount	Principal Component	Interest Component	Prepayment Price*
----------------	--------------	----------------	---------------------	--------------------	-------------------

[LESSEE],
Lessee

By: _____
Name: [LESSEE NAME]
Title: [LESSEE TITLE]
Date: _____

* After payment of Rental Payment due on such date.

EXHIBIT B-1

[Escrow]

Lease Number: [01
Equipment Schedule: 0**TAX AGREEMENT AND ARBITRAGE CERTIFICATE**

This **TAX AGREEMENT AND ARBITRAGE CERTIFICATE** (this "Certificate") is issued by [LESSEE] ("Lessee") in favor of **SUNTRUST LEASING CORPORATION** ("Lessor") in connection with that certain Master Lease Agreement dated as of [DATE] (the "Agreement"), by and between Lessor and Lessee. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Equipment Schedule referenced above (the "Equipment Schedule") executed under the Agreement (together with all related documents executed pursuant thereto and contemporaneously herewith, the "Financing Documents"). As described in the Financing Documents, Lessor shall apply [FUNDING AMOUNT](the "Principal Amount") toward the acquisition of the Equipment and Lessee shall make Rental Payments under the terms and conditions as set forth in the Financing Documents.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Financing Documents, pursuant to the resolution or other official action of Lessee adopted with respect to the Financing Documents, a copy of which has been delivered to Lessor.

1.3. The Financing Documents are being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Equipment Schedule. The Principal Amount will be deposited in escrow by Lessor on the date of issuance of the Financing Documents and held by **SUNTRUST BANK**, as escrow agent (the "Escrow Agent") pending acquisition of the Equipment under the terms of that certain Escrow Agreement dated as of [DATE], (the "Escrow Agreement"), by and between Lessor and Escrow Agent.

1.4. Lessee will timely file for each payment schedule issued under the Lease a Form 8038-G (or, if the invoice price of the Equipment under such schedule is less than \$100,000, a Form 8038-GC) relating to such Lease with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

1.5. Lessee has not issued, and reasonably anticipates that it and its subordinate entities, if any, will not issue, tax-exempt obligations (including the Lease) in the amount of more than \$10,000,000 during the current calendar year. Lessee hereby designates the Lease as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code and agrees that it and its subordinate entities, if any, will not designate more than \$10,000,000 of their obligations as "qualified tax-exempt obligations" during the current calendar year.

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Financing Documents will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Financing Documents or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the date of issuance of the Financing Documents, (ii) issued or sold pursuant to a common plan of financing with the Financing Documents and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Financing Documents.

2.3. Other than the Principal Amount held under the Escrow Agreement, Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Financing Documents.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Financing Documents were entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Financing Documents.

Section 3. Disbursement of Funds; Reimbursement to Lessee.

3.1. It is contemplated that the entire Principal Amount deposited in escrow will be used to pay the acquisition cost of Equipment to the vendors or manufacturers thereof, provided that, if applicable, a portion of the principal amount may be paid to Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not request that it be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to the Vendor not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Lessee has incurred or will incur, within six (6) months from the date of issuance of the Financing Documents, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the date of this Certificate. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Financing Documents and that have a substantially guaranteed yield of four (4) years or more.

4.3. (a) Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount deposited under the Escrow Agreement to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by [EQUIPMENT DATE].

(b) Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless (i) the entire Principal Amount is expended on the Equipment by the date that is the six-month anniversary of the Financing Documents or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the date of issuance of the Financing Documents; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the date of issuance of the Financing Documents; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment prior to eighteen (18) months from the date of issuance of the Financing Documents.

(c) Lessee hereby covenants that (i) Lessee is a governmental unit with general tax powers; (ii) the Lease is not a "private activity bond" under Section 141 of the Code; (iii) at least ninety-five percent (95%) of the Principal

Amount is used for the governmental activities of Lessee; and (iv) the aggregate principal amount of all tax-exempt obligations (including the Lease) issued by Lessee and its subordinate entities, if any, during the current calendar year is not reasonably expected to exceed \$5,000,000. Accordingly, the rebate requirements of Section 148(f) of the Code are treated as being met, in lieu of the spending exceptions set forth in paragraph (b) above.

Section 5. Escrow Account.

The Financing Documents provide that the monies deposited in escrow shall be invested until payments to the vendor(s) or manufacturer(s) of the Equipment are due. Lessee will ensure that such investment will not result in Lessee's obligations under the Financing Documents being treated as an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), respectively. Any monies which are earned from the investment of these funds shall be labeled as interest earned. All such monies will be disbursed on or promptly after the date that Lessee accepts the Equipment.

Section 6. No Private Use; No Consumer Loan.

6.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest in payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 6.1, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

6.2. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

Section 7. No Federal Guarantee.

7.1. Payment of the principal or interest due under the Financing Documents is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

7.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Financing Documents to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 8. Reserve Fund. Pursuant to the Lease and as security for Lessee's obligations thereunder, Lessee has deposited \$691,491.06 in a Reserve Fund established with the Escrow Agent. All amounts held in the Reserve Fund will be invested at a yield not in excess of the interest rate applicable to Rental Payments due under the Lease. Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Reserve Fund to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code.

Section 9. Miscellaneous.

9.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Financing Documents in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless

Lessor or its assignee agrees to act as Lessee's agent for such purpose.

9.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Financing Documents.

9.3. To the best of the undersigned's knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

IN WITNESS WHEREOF, this Tax Agreement and Arbitrage Certificate has been executed on behalf of Lessee as of [DATE].

[LESSEE],
Lessee

By: _____
Name: [LESSEE NAME]
Title: [LESSEE TITLE]
Date: _____

EXHIBIT C-1

[Escrow]

Lease Number: [0
Equipment Schedule: (**RESOLUTION OF GOVERNING BODY**

At a duly called meeting of the governing body of Lessee held in accordance with all applicable legal requirements, including open meeting laws, on the ____ day of _____, _____, the following resolution was introduced and adopted:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER LEASE AGREEMENT, EQUIPMENT SCHEDULE NO. 01, AN ESCROW AGREEMENT, AND RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the governing body of [LESSEE] ("Lessee") desires to obtain certain equipment (the "Equipment") described in Equipment Schedule No. 01 to the Master Lease Agreement (collectively, the "Lease") with **SUNTRUST LEASING CORPORATION**, the form of which has been available for review by the governing body of Lessee prior to this meeting; and

WHEREAS, the Equipment is essential for the Lessee to perform its governmental functions; and

WHEREAS, the funds made available under the Lease will be deposited with **SUNTRUST BANK** (the "Escrow Agent") pursuant to an Escrow Agreement between Lessee and the Escrow Agent (the "Escrow Agreement") and will be applied to the acquisition of the Equipment in accordance with said Escrow Agreement; and

WHEREAS, Lessee has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment; and

WHEREAS, Lessee proposes to enter into the Lease with **SUNTRUST LEASING CORPORATION** and the Escrow Agreement with the Escrow Agent substantially in the forms presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LESSEE AS FOLLOWS:

Section 1. It is hereby found and determined that the terms of the Lease and the Escrow Agreement (collectively, the "Financing Documents") in the forms presented to this meeting and incorporated in this resolution are in the best interests of Lessee for the acquisition of the Equipment.

Section 2. The Financing Documents and the acquisition and financing of the Equipment under the terms and conditions as described in the Financing Documents are hereby approved. The [LESSEE TITLE] of Lessee and any other officer of Lessee who shall have power to execute contracts on behalf of Lessee be, and each of them hereby is, authorized to execute, acknowledge and deliver the Financing Documents with any changes, insertions and omissions therein as may be approved by the officers who execute the Financing Documents, such approval to be conclusively evidenced by such execution and delivery of the Financing Documents. The _____ of the Lessee and any other officer of Lessee who shall have power to do so be, and each of them hereby is, authorized to affix the official seal of Lessee to the Financing Documents and attest the same.

Section 3. The proper officers of Lessee be, and each of them hereby is, authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and the Financing Documents.

Section 4. Pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), Lessee hereby specifically designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the Lease and Escrow Agreement executed on behalf of Lessee are the same as presented at such meeting of the governing body of Lessee, excepting only such changes, insertions and omissions as shall have been approved by the officers who executed the same.

Date: _____, _____

[LESSEE],
Lessee

By: _____

Name: [LESSEE NAME] _____
Title: [LESSEE TITLE] _____

Attested By: _____

Name:
Title:

EXHIBIT D

Lease No.: [01]
Equipment Schedule: 01

INCUMBENCY CERTIFICATE

I do hereby certify that I am the duly elected or appointed and acting _____ of [LESSEE], a political subdivision duly organized and existing under the laws of the State of [STATE], that I have custody of the records of such entity, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity holding the offices set forth opposite their respective names.

I further certify that (i) the signatures set opposite their respective names and titles are their true and authentic signatures and (ii) such officers have the authority on behalf of such entity to enter into that certain Master Lease Agreement dated as of [DATE] between such entity and **SUNTRUST LEASING CORPORATION**.

NAME
SIGNATURE

TITLE

[LESSEE NAME]

[LESSEE TITLE]

IN WITNESS WHEREOF, I have duly executed this certificate as of this ____ day of _____,
_____.

By: _____
Name:
Title: Board or Town Clerk

EXHIBIT E

[LETTERHEAD OF LESSEE'S COUNSEL]

[DATE OF LEASE]

SunTrust Leasing Corporation
 29 W. Susquehanna Avenue, Suite 400
 Towson, Maryland 21204

Re: Master Lease Agreement dated as of [DATE] (the "Agreement") by and between **SUNTRUST LEASING CORPORATION** ("Lessor") and **[LESSEE]** ("Lessee")

Ladies and Gentlemen:

We have acted as counsel to Lessee with respect to the Agreement described above and various related matters, and in this capacity have reviewed a duplicate original or certified copy thereof and Equipment Schedule No. 01 executed pursuant thereto (together with the Agreement, the "Lease"). The terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Lease. Based upon the examination of these and such other documents as we have deemed relevant, it is our opinion that:

1. Lessee is a political subdivision of the State of [STATE] (the "State") within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has the power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease has been duly authorized, executed and delivered by and on behalf of Lessee, and is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.
4. The authorization and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State.
5. The execution of the Lease and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.
6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Lessee, the authority of Lessee or its officers or its employees to enter into the Lease, the proper authorization and/or execution of the Lease or the documents contemplated thereby, the appropriation of moneys to make Rental Payments under the Lease, or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby. To the best of our knowledge, no such litigation, action, suit or proceeding is threatened.
7. The Equipment is personal property, and when used by Lessee will not be or become fixtures under the laws of the State.
8. Resolution No. _____ of the governing body of Lessee was duly and validly adopted by such governing body on _____, _____, and such resolution has not been amended, modified, supplemented or

repealed and remains in full force and effect.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Lease, but only with regard to matters specifically set forth herein.

Very truly yours,

(type name and title under signature)

EXHIBIT F

Lease No.: [01]
 Equipment Schedule: 01

 SUNTRUST LEASING CORPORATION

 ESCROW AGREEMENT

This ESCROW AGREEMENT, made and entered into as [DATE], by and among SUNTRUST LEASING CORPORATION, a Virginia corporation ("Lessor"), and [LESSEE], a political subdivision of the State of [STATE] ("Lessee"), and SUNTRUST BANK, a Georgia banking corporation.

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND RECITALS

Section 1.1. Definitions. The terms defined in this Section shall, for all purposes of this Escrow Agreement, have the meanings specified below. The terms capitalized in this Escrow Agreement but not defined herein shall have the meanings assigned to them in the Master Lease Agreement.

"Acquisition Costs" means, with respect to the Equipment, the contract price paid or to be paid to a Vendor thereof upon acquisition or delivery of any portion of the Equipment in accordance with the purchase order or contract therefor. Acquisition Costs may include the administrative, engineering, legal, financial and other costs incurred by the Lessee in connection with the acquisition, delivery and financing of the Equipment, if approved by Lessor.

"Equipment" means the personal property described in the Acceptance Certificate executed pursuant to the Lease, together with any and all modifications, additions and alterations thereto, to be acquired from the moneys held in the Equipment Acquisition Fund.

"Equipment Acquisition Fund" means the account by that name established and held by Escrow Agent pursuant to Article II of this Escrow Agreement.

"Escrow Agent" means SUNTRUST BANK, or any successor thereto acting as Escrow Agent pursuant to this Escrow Agreement.

"Escrow Agent Fee" has the meaning set forth in Section 6.1.

"Escrow Agreement" means this Escrow Agreement and any duly authorized and executed amendment thereto.

"Lease" means the Master Lease together with the Equipment Schedule No. 01 by and between Lessee and Lessor, and any duly authorized and executed amendment thereto, the terms of which are incorporated herein by reference.

"Master Lease" means the Master Lease Agreement, dated as of [DATE], by and between Lessee and Lessor, including any Equipment Schedules entered into thereunder and any duly authorized and executed amendment thereto.

"Payment Request Form" means the document substantially in the form attached hereto as Exhibit A to be executed by Lessee and Lessor and submitted to Escrow Agent to authorize payment of Acquisition Costs.

"Qualified Investments" means (i) direct general obligations of the United States of America; (ii) obligations guaranteed by the United States; (iii) general obligations of the agencies and instrumentalities of the United States; or (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution qualified as a depository of public funds in the Commonwealth of Virginia, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in Clauses (i), (ii), or (iii). In no event shall "Qualified Investments" include any investments other than those permitted by any state, county or municipal law applicable to investment of Lessee's funds; provided, however, that neither Lessor nor the Escrow Agent shall be responsible for determining the applicability of any such law and each shall be entitled to rely solely on the determination of Lessee with respect to such matters.

"Reserve Fund" means the account established and held by Escrow Agent pursuant to the Lease and this Escrow

EXHIBIT F

Lease No.: [01]
Equipment Schedule: 01

SUNTRUST LEASING CORPORATION

ESCROW AGREEMENT

This **ESCROW AGREEMENT**, made and entered into as [DATE], by and among **SUNTRUST LEASING CORPORATION**, a Virginia corporation ("Lessor"), and [LESSEE], a political subdivision of the State of [STATE] ("Lessee"), and **SUNTRUST BANK**, a Georgia banking corporation.

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND RECITALS

Section 1.1. Definitions. The terms defined in this Section shall, for all purposes of this Escrow Agreement, have the meanings specified below. The terms capitalized in this Escrow Agreement but not defined herein shall have the meanings assigned to them in the Master Lease Agreement.

"Acquisition Costs" means, with respect to the Equipment, the contract price paid or to be paid to a Vendor thereof upon acquisition or delivery of any portion of the Equipment in accordance with the purchase order or contract therefor. Acquisition Costs may include the administrative, engineering, legal, financial and other costs incurred by the Lessee in connection with the acquisition, delivery and financing of the Equipment, if approved by Lessor.

"Equipment" means the personal property described in the Acceptance Certificate executed pursuant to the Lease, together with any and all modifications, additions and alterations thereto, to be acquired from the moneys held in the Equipment Acquisition Fund.

"Equipment Acquisition Fund" means the account by that name established and held by Escrow Agent pursuant to Article II of this Escrow Agreement.

"Escrow Agent" means **SUNTRUST BANK**, or any successor thereto acting as Escrow Agent pursuant to this Escrow Agreement.

"Escrow Agent Fee" has the meaning set forth in Section 6.1.

"Escrow Agreement" means this Escrow Agreement and any duly authorized and executed amendment thereto.

"Lease" means the Master Lease together with the Equipment Schedule No. 01 by and between Lessee and Lessor, and any duly authorized and executed amendment thereto, the terms of which are incorporated herein by reference.

"Master Lease" means the Master Lease Agreement, dated as of [DATE], by and between Lessee and Lessor, including any Equipment Schedules entered into thereunder and any duly authorized and executed amendment thereto.

"Payment Request Form" means the document substantially in the form attached hereto as Exhibit A to be executed by Lessee and Lessor and submitted to Escrow Agent to authorize payment of Acquisition Costs.

"Qualified Investments" means (i) direct general obligations of the United States of America; (ii) obligations guaranteed by the United States; (iii) general obligations of the agencies and instrumentalities of the United States; or (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution qualified as a depository of public funds in the Commonwealth of Virginia, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in Clauses (i), (ii), or (iii). In no event shall "Qualified Investments" include any investments other than those permitted by any state, county or municipal law applicable to investment of Lessee's funds; provided, however, that neither Lessor nor the Escrow Agent shall be responsible for determining the applicability of any such law and each shall be entitled to rely solely on the determination of Lessee with respect to such matters.

"Reserve Fund" means the account established and held by Escrow Agent pursuant to the Lease and this Escrow

Agreement.

ARTICLE II. APPOINTMENT OF ESCROW AGENT; AUTHORITY

Section 2.1. Appointment of Escrow Agent. Lessor and Lessee hereby appoint and employ Escrow Agent to receive, hold, invest and disburse the moneys to be paid to Escrow Agent pursuant to this Escrow Agreement and the Lease and to perform certain other functions, all as hereinafter provided. By executing and delivering this Escrow Agreement, Escrow Agent accepts the duties and obligations of Escrow Agent hereunder; provided, however, that its duties and obligations hereunder shall be limited to those specifically provided herein.

Section 2.2. Authority. Each of the parties has authority to enter into this Escrow Agreement, and has taken all actions necessary to authorize the execution of this Escrow Agreement by the officers whose signatures are affixed hereto.

ARTICLE III. EQUIPMENT ACQUISITION FUND AND RESERVE FUND

Section 3.1. Equipment Acquisition Fund. The Escrow Agent shall establish a special escrow account designated as the "Equipment Acquisition Fund" (the "Equipment Acquisition Fund"), shall keep such Fund separate and apart from all other funds and moneys held by it and shall administer such Fund as provided in this Escrow Agreement.

Section 3.2. Deposit. Upon execution of the Lease and delivery to Lessor by Lessee of all documents required to be delivered thereunder, Lessor shall deposit or cause to be deposited with the Escrow Agent the sum of [FUNDING AMOUNT]. Escrow Agent shall credit such amount to the Equipment Acquisition Fund.

Section 3.3. Disbursements. The Escrow Agent shall use the moneys in the Equipment Acquisition Fund to pay the Acquisition Cost of each item of Equipment subject to the Lease, within a reasonable time of receipt with respect thereto of a Payment Request Form executed by Lessor and Lessee, fully completed and with all supporting documents described therein attached thereto. Upon receipt of a Payment Request Form with respect to any item of Equipment, an amount equal to the Acquisition Cost as shown therein shall be paid directly to the person or entity entitled to payment as specified therein.

Section 3.4. Transfers Upon Completion. Unless all of the funds deposited by Lessor in the Equipment Acquisition Fund have been previously disbursed pursuant to Section 3.3 or paid to Lessor pursuant to Section 3.5, on [EQUIPMENT DATE], Escrow Agent shall pay all remaining moneys in the Equipment Acquisition Fund to Lessor or its assignee for application as a prepayment of the unpaid Principal under the related Lease. Any amounts paid pursuant to this Section 3.4 shall be subject to a prepayment fee equal to two percent (2%) of such amount. Lessor shall apply amounts received under this Section 3.4 first to unpaid fees, late charges and collection costs, if any, which have accrued or been incurred under the Master Lease, then to overdue Principal and Interest on the Lease and then, in the sole discretion of Lessor, either (i) to Principal payments thereafter due under the Lease in the inverse order of their maturities or (ii) proportionately to each Principal payment thereafter due under the Lease. In the event that Lessor elects to apply any such amounts in accordance with clause (i) of the preceding sentence, Lessee shall continue to make Rental Payments as scheduled in the applicable Payment Schedule. In the event that Lessor elects to apply such amounts in accordance with clause (ii) of this Section 3.4, Lessor shall provide Lessee with a revised Payment Schedule which shall reflect the revised Principal balance and reduced Rental Payments due under the Lease.

Section 3.5. Reserve Fund. The Escrow Agent shall establish a special escrow account designated as the "Maryland Environmental Service-SunTrust Leasing Reserve Fund", shall keep such Fund separate and apart from all other funds and moneys held by it and shall administer such Fund as provided in this Escrow Agreement. Upon execution of the Lease and together with delivery to Lessor by Lessee of all documents required to be delivered thereunder, Lessee shall deposit or cause to be deposited with the Escrow Agent the sum of \$691,491.06. Escrow Agent shall credit such amount to the Reserve Fund.

Section 3.6. Liquidation of Equipment Acquisition Fund. Upon receipt of written notice from Lessor or Lessee that the Lease has been terminated pursuant to Section 12.2 thereof, the Escrow Agent shall liquidate all investments held in the Equipment Acquisition Fund and transfer the proceeds thereof and all other moneys held in the Equipment Acquisition Fund and the Reserve Fund to Lessor.

Section 3.7. Liquidation of Reserve Fund. Upon an Event of Default and written notice and instruction from Lessor to the Escrow Agent, Escrow Agent shall liquidate all investments held in the Reserve Fund and transfer the proceeds thereof and all other moneys held in the Reserve Fund to Lessor for application by Lessor against Rental Payments and other amounts owing under the Lease. Upon termination of the Lease as a result of payment of all

Rental Payments and other amounts owing or to be owed under the Lease and instruction from Lessor and Lessee, Escrow Agent shall liquidate all investments held in the Reserve Fund and pay the proceeds thereof and all other moneys held in the Reserve Fund to Lessee.

ARTICLE IV. TRUST; INVESTMENT

Section 4.1. Irrevocable Trust. The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in trust for the benefit of Lessor and Lessee, and such moneys, together with any income or interest earned, shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessor or Lessee (other than Lessor's security interest granted hereunder).

Section 4.2. Investment. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon order of Lessee only in Qualified Investments. Such investments shall be registered in the name of the Escrow Agent and held by the Escrow Agent for the benefit of Lessor and Lessee. The Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Article. Such investments and re-investments shall be made giving full consideration for the time at which funds are required to be available. Any income received on such investments shall be credited to the Equipment Acquisition Fund or the Reserve Fund, respectively. The Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Article.

Section 4.3. Disposition of Investments. The Escrow Agent shall, without further direction from Lessee, sell such investments as and when required to make any payment from the Equipment Acquisition Fund or the Reserve Fund.

Section 4.4. Accounting. The Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement which shall be available for inspection by Lessor or Lessee, or the agent of either of them, at any time during regular business hours upon prior written request. The Escrow Agent shall furnish to Lessor and Lessee no less than quarterly an accounting of all investments and interest and income therefrom.

Section 4.5. Termination. This Escrow Agreement shall terminate upon disbursement by the Escrow Agent of all moneys held by it hereunder.

ARTICLE V. ESCROW AGENT'S AUTHORITY; INDEMNIFICATION

Section 5.1. Validity. The Escrow Agent may act upon any writing or instrument or signature which it believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any of the foregoing. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same.

Section 5.2. Use of Counsel and Agents. The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection acting in compliance with the opinion of such counsel.

Section 5.3. Interpretation. If Lessor or Lessee shall be in disagreement about the interpretation of the Lease or this Escrow Agreement, or about the rights and obligations of, or the propriety of any action contemplated by, the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be indemnified pursuant to Section 5.5 for all costs, including reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Escrow Agreement until a final judgment in such action is received.

Section 5.4. Limited Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance or observation of its duties or obligations hereunder except for in the case of its own gross negligence or willful misconduct. The Escrow Agent shall have no obligation or liability to any of the other parties under this Escrow Agreement for the failure or refusal of any other party to perform any covenant or agreement made by such party hereunder or under the Master Lease, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it as Escrow Agent hereunder.

Section 5.5. Indemnification. To the extent permitted by applicable law and unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Escrow Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim. Notwithstanding the foregoing, such indemnification shall not extend to claims, liabilities, losses, actions, suits or proceedings incurred by the Escrow Agent for failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Escrow Agreement or to claims, liabilities, losses, actions, suits or proceedings incurred by the Escrow Agent arising from events solely and directly attributable to acts of Lessor. The Escrow Agent shall be vested with a lien on all property deposited hereunder for indemnification, for reasonable attorneys' fees, court costs, for any suit, interpleader or otherwise, or any other expense, fees or charges of any character or nature, which may be incurred by the Escrow Agent by reason of disputes arising between Lessor and Lessee as to the correct interpretation of the Lease or this Escrow Agreement and instructions given to the Escrow Agent hereunder, or otherwise, with the right of the Escrow Agent, regardless of the instructions aforesaid, to hold such property until and unless said additional expenses, fees and charges shall be fully paid. In the event Lessee is required to indemnify Escrow Agent as herein provided, Lessee shall be subrogated to the rights of Escrow Agent to recover such losses or damages from any other person or entity.

ARTICLE VI. COMPENSATION

Section 6.1. Escrow Agent Fee. The Escrow Agent shall be paid [ESCROW AGENT FEE] by Lessee for the services to be rendered hereunder (the "Escrow Agent Fee"), and will be paid and/or reimbursed by Lessee upon request for all expenses, disbursements and advances, including reasonable attorneys' fees, incurred or made by it in connection with carrying out its duties hereunder. The Escrow Agent's fee shall be payable from the interest earnings from this Equipment Acquisition Fund and/or the Reserve Fund. In the event a shortfall occurs, said shortfall shall be the responsibility of the Lessee and not the responsibility of the Escrow Agent, the Lessor, or their agents or assigns.

Section 6.2. Investment Fees. The Escrow Agent shall be entitled to charge reasonable fees and commissions in connection with the investment by it of amounts held in the Equipment Acquisition Fund and the Reserve Fund (the "Investment Fees"). Lessor and Lessee hereby authorize the Escrow Agent to periodically deduct the Investment Fees from interest earnings on the Equipment Acquisition Fund and/or the Reserve Fund.

ARTICLE VII. CHANGE OF ESCROW AGENT

Section 7.1. Removal of Escrow Agent. Lessor and Lessee, by written agreement, may by written request, at any time and for any reason, remove Escrow Agent and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall have capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to statute or the requirements of any federal or state supervising or examining authority, then for the purposes of this Section 7.1, the combined capital and surplus of such bank or trust company may be conclusively established in its most recent report of condition so published.

Section 7.2. Resignation of Escrow Agent. The Escrow Agent or any successor may at any time resign by giving written notice to Lessor and Lessee of its intention to resign and of the proposed date of resignation, which shall be a date not less than thirty (30) days after such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been approved by Lessor and Lessee. Upon receiving such notice of resignation, Lessor and Lessee shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that in the event Lessor and Lessee fail to appoint a successor Escrow Agent within thirty (30) days following receipt of such written notice, Lessor may appoint a successor Escrow Agent. Any resignation or removal of Escrow Agent shall become effective only upon acceptance of appointment by the successor Escrow Agent.

Section 7.3. Merger or Consolidation. Any entity into which Escrow Agent may be merged or converted, or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which it shall

be a party, or any company to which Escrow Agent may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 7.1) shall be the successor to the Escrow Agent without the execution or filing or further act.

ARTICLE VIII. ADMINISTRATIVE PROVISIONS.

Section 8.1. Notice. All written notices to be given under this Escrow Agreement shall be given by mail to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, or if given by other means, when delivered at the address specified in this Section 8.1.

Section 8.2. Assignment. Except as expressly herein provided to the contrary, the rights and duties of each of the parties under this Escrow Agreement shall not be assignable to any person or entity without the written consent of all of the other parties. Notwithstanding the above, Lessor may freely assign all or any part of its interest in this Escrow Agreement and the Equipment Acquisition Fund and the Reserve Fund in connection with an assignment by Lessor of its rights under the Lease.

Section 8.3. Binding Effect. This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under the Lease.

Section 8.4. Severability. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.5. Entire Agreement; Amendments. This Escrow Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Escrow Agreement may be amended or modified only by written documents duly authorized, executed and delivered by each of the parties hereto.

Section 8.6. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

Section 8.7. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of the parties under this Escrow Agreement, and for better assuring and confirming the rights and benefits provided herein.

Section 8.8. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the Commonwealth of Virginia.

Section 8.9. Execution in Counterparts. This Escrow Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 8.10. Waiver of Jury Trial. Lessor, Lessee and the Escrow Agent hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Escrow Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

EXECUTION PAGE OF ESCROW AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the day and year first written above.

SUNTRUST BANK
Escrow Agent

SUNTRUST LEASING CORPORATION,
Lessor

By: _____
Name: Emily Hare
Title: Trust Officer
Address: 919 E. Main Street
400
Richmond, VA 23219

By: _____
Name: Michael J. Powers
Title: Secretary
Address: 29 W. Susquehanna Avenue, Suite
Towson, MD 21204

Telephone: 804/782-5400
Facsimile: 804/782-7855

Telephone: 410/307-6644
Facsimile: 410/307-6702

[LESSEE],
Lessee

By: _____
Name: [LESSEE NAME]
Title: [LESSEE TITLE]
Address: [LESSEE ADDRESS]

Telephone: [LESSEE PHONE NO.]
Facsimile: [LESSEE FAX NO.]

Lease Number: [
 Equipment Schedule:

EXHIBIT A

PAYMENT REQUEST FORM NO. _____

BANC ONE COLORADO, N.A., as Escrow Agent under an Escrow Agreement dated as of April 9, 2002 (the "Escrow Agreement") by and among **TOBYNE & COMPANY, INC.**, as Lessor, and **CITY OF SOMERSWORTH**, as Lessee, is hereby requested to pay, from the Equipment Acquisition Fund, to the person or entity designated below as payee, that the amount set forth opposite each such name, in payment of the Acquisition Costs of the Equipment designated opposite such payee's name and described on the attached page(s). The terms capitalized in this Payment Request Form but not defined herein shall have the meanings assigned to them in the Escrow Agreement.

<u>Payee</u>	<u>Amount</u>	<u>Equipment</u>
--------------	---------------	------------------

The Lessee hereby certifies that:

1. Attached hereto is a duplicate original or certified copy of the following documents relating to the order, delivery and acceptance of the Equipment described in this Payment Request Form: (a) a manufacturer's or dealer's invoice; and (b) unless this Payment Request Form relates to partial payment of a Vendor in connection with a purchase order approved by Lessor, Lessee's Acceptance Certificate relating to the Equipment.

2. The representations and warranties contained in the Lease are true and correct as of the date hereof.

3. No Event of Default, or event which with the giving of notice or passage of time or both would constitute an Event of Default, has occurred.

Dated: _____, 20__.

CITY OF SOMERSWORTH,
Lessee

TOBYNE & COMPANY,
Lessor

By: _____

By: _____

Name: Douglas R. Elliott, Jr
Title: City Manager
Date:

Name: Dwight N. Tobyne
Title: President
Date:

EXHIBIT G

Lease
No.: [01]
Equipment Schedule: 01

TO:

Insert Insurance Agent Name & Address
Phone Number and Fax Number

Gentlemen:

[LESSEE] has entered into a Master Lease Agreement dated as of [DATE] with **SUNTRUST LEASING CORPORATION**. In accordance with the Agreement, Lessee certifies that it has instructed the insurance agent named above to issue:

- a. All Risk Physical Damage Insurance on the leased Equipment evidenced by a **Certificate of Insurance and Long Form Loss Payable Clause naming SunTrust Leasing Corporation and/or its assigns as Loss Payee.**

The Coverage Required is [FUNDING AMOUNT].

- b. Public Liability Insurance evidenced by a **Certificate of Insurance naming SunTrust Leasing Corporation and/or its assigns as Additional Insured.**

The following minimum coverage is required:

Liability:	\$ 500,000.00 per person
Liability - Bodily Injury:	\$1,000,000.00 aggregate
Liability - Property Damage:	\$1,000,000.00 property damage liability

PROPERTY:

LOCATION:

Upon issuance of the coverage outlined above, please mail a certificate of insurance to SunTrust Leasing Corporation, 25 Park Place, 25th Floor, Atlanta, Georgia 30303.

Your courtesy in issuing and forwarding the requested certificate at your earliest convenience will be appreciated.

Very truly yours,

[LESSEE]

By: _____
 Name: [LESSEE NAME]
 Title: [LESSEE TITLE]
 Date:

EXHIBIT G-2

Lease Number: [01]
Equipment Schedule: 01

**QUESTIONNAIRE FOR SELF-INSURANCE TO
MASTER LEASE AGREEMENT**

In connection with the Master Lease Agreement (the "Agreement"), dated as of [DATE], made and entered into by and between **SUNTRUST LEASING CORPORATION**, as Lessor (the "Lessor"), and the lessee identified below, as Lessee (the "Lessee"), Lessee warrants and represents to Lessor the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. Property Insurance.

a. Lessee is self-insured for damage or destruction to the Equipment.
YES NO (circle one)

If yes, the dollar amount limit for property damage to the Equipment under the Lessee's self-insurance program is \$_____.

b. The Lessee maintains an umbrella insurance policy for claims in excess of Lessee's self-insurance limits for property damage to the Equipment as indicated above.
YES NO (circle one)

If yes, the umbrella policy provides coverage for all risk property damage.
YES NO (circle one)

If yes, the dollar limit for property damage to the Equipment under such umbrella policy is \$_____.

2. Liability Insurance.

a. Lessee is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment.
YES NO (circle one)

If yes, the dollar limit for such liability claims under the Lessee's self-insurance program is \$_____.

b. The Lessee maintains an umbrella insurance policy for claims in excess of Lessee's self-insurance limits for liability including injury or death of persons or damage to property as indicated above.
YES NO (circle one)

If yes, the umbrella policy provides coverage for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment.
YES NO (circle one)

If yes, the dollar amount of the umbrella policy's limits for such liability coverage is \$_____.

3A. Self Insurance Fund.

a. Lessee maintains a self-insurance fund.
YES NO (circle one)

If yes, please complete the following:
Monies in the self-insurance fund are subject to annual appropriation.
YES NO (circle one)

The total amount maintained in the self-insurance fund to cover Lessee's self-insurance liabilities is \$_____.

b. Amounts paid from the Lessee's self-insurance fund are subject to limitations for each claim.

YES NO (circle one)

If yes, the dollar amount of limit per claim is \$_____.

3B. No Self Insurance Fund.

- a. If Lessee does not maintain a self-insurance fund, please complete the following:
 Lessee obtains funds to pay claims for which it has self-insured from the following sources:

- b. The limitations on the amounts payable for claims from the above sources are as follows:

4. Authority.

- a. The following entity or officer has authority to authorize payment for claim:

- b. In the event the entity or officer named in the prior response denies payment of a claim, does the claimant have recourse to _____ another administrative officer, agency or the courts?

YES NO (circle one)

If yes, to whom does the claimant have recourse?

5. Certificates of Insurance.

Attached hereto are copies of certificates of insurance with respect to policies maintained by Lessee.

IN WITNESS WHEREOF, Lessee has caused this Questionnaire to be executed as a supplement to the representations of Lessee in the Agreement by its duly authorized officer.

[LESSEE],
 Lessee

By: _____

Name: [LESSEE NAME]

Title: [LESSEE TITLE]

Date:

Telephone: [LESSEE PHONE]

Facsimile: [LESSEE FAX NO.]

NO.]

Attachment

SUNTRUST LEASING CORPORATION

ADDENDUM TO EQUIPMENT SCHEDULE NO. 01 TO MASTER LEASE AGREEMENT (LEASE NO. [01]) RELATING TO SELF-INSURANCE

THIS ADDENDUM is made as of [DATE], between SUNTRUST LEASING CORPORATION (the "Lessor") and [LESSEE] (the "Lessee").

Recitals

- A. Lessor and Lessee have entered into a Master Lease Agreement dated as of [DATE] (the "Agreement").
B. Lessee desires to lease equipment described in Equipment Schedule No. 01 to the Agreement (the "Equipment") and Lessee has requested that Lessor lease such Equipment to Lessee.
C. With respect to Equipment Schedule No. 01, Lessee has requested that Lessor permit it to provide self-insurance for liability claims and property damage.
D. Lessor is willing to grant Lessee's request subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and in the Agreement, it is hereby agreed as follows:

- 1. The terms capitalized in this Addendum but not defined herein shall have the meanings assigned to them in the Agreement.
2. Lessee hereby represents and warrants that all representations and warranties contained in the Agreement are true and correct as of the date hereof and that no Event of Default or event which, with the passage of time or giving of notice or both, would constitute an Event of Default has occurred under the Agreement.
3. All other terms and conditions of the Agreement not specifically amended by this Addendum shall remain in full force and affect and are hereby ratified and confirmed by Lessee.
4. Lessee represents and warrants that all representations and warranties contained in the Questionnaire for Self- Insurance to Master Lease Agreement (the "Questionnaire") are true and correct as of the date hereof.
5. Lessor acknowledges receipt of the Questionnaire and, in reliance upon the information provided therein, agrees that Lessee may satisfy the requirements of Sections 7.1 through 7.3 of the Agreement with respect to Equipment Schedule No. 01 through self-insurance.
6. By written notice to Lessee, Lessor may revoke its agreement relative to Equipment Schedule No. 01 to accept self-insurance in lieu of the insurance required by Section 7.1 through 7.3 of the Agreement at any time during the related Lease Term when Lessor deems itself insecure with respect to such self-insurance. Within thirty (30) days of receipt of notice from Lessor, Lessee agrees to obtain insurance in compliance with Section 7.1, 7.2 and 7.3 of the Agreement and provide evidence thereof to Lessor.

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this Addendum as of the date and year first above written.

[LESSEE], Lessee

SUNTRUST LEASING CORPORATION, Lessor

By: _____

By: _____

Name: [LESSEE NAME]
Title: [LESSEE TITLE]
Date:

Name: Michael J. Powers
Title: Secretary
Date:

[PAGE TO BE REPLACED BY UCC FINANCING STATEMENT]

**SCHEDULE A TO FINANCING STATEMENT OF
[LESSEE], AS DEBTOR, AND
SUNTRUST LEASING CORPORATION, AS SECURED PARTY**

Continuation of Collateral Description

The financing statement to which this Schedule A is attached covers the types of property described on the face of such financing statement and all of the Debtor's right, title and interest in and to (collectively, the "Collateral"):

(a) the equipment described in Equipment Schedule No. 01 dated as of [DATE] (the "Equipment Schedule") to the Master Lease Agreement dated as of [DATE] (the "Agreement," and together with the Equipment Schedule, the "Lease") between Debtor, as lessee, and Secured Party, as lessor, as such Lease may be amended, modified or supplemented from time to time together with all of Debtor's right, title and interest in and to the Equipment Acquisition Fund established in Debtor's name at **SUNTRUST BANK** (the "Escrow Agent") pursuant to the Escrow Agreement dated as of [DATE] (the "Escrow Agreement") among Debtor, Secured Party and the Escrow Agent;

(b) to the extent not included in the foregoing, all books, ledgers and records and all computer programs, tapes, discs, punch cards, data processing software, transaction files, master files and related property and rights (including computer and peripheral equipment) necessary or helpful in enforcing, identifying or establishing any item of Collateral; and

(c) to the extent not included in the foregoing, all repairs, replacements, substitutions and modifications and all proceeds and products of any or all of the foregoing, whether existing on the date hereof or arising hereafter.

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 02-04-2R

A RESOLUTION

reaffirming the creation and the boundaries of the Darlington Water Supply Service District (the "Service District"); adopting the Second Biennial Update to the Five-Year plan for the Service District; and providing generally for other matters necessary to the updating and revising of the Five-Year Plan for the Service District.

RECITALS

The Service is authorized under its enabling legislation, Sections 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland, as amended to date (the "Act"), to, *inter alia*, establish service districts for the provision of services, facilities or property used or useful in connection with the supply of water.

In accordance with the Act, on October 23, 1997, this Board approved Resolution No. 97-10-1R. Resolution 97-10-1R provided for the creation of the Darlington Water Supply Service District (the "Service District"), the adoption of a Five-Year Plan, the acquisition, operation and maintenance of the Darlington Water System (the "System"), and the imposition upon each parcel of real property in the Service District of a charge to recover all costs incurred by the Service related to the Service District and the System. On October 28, 1999, this Board approved Resolution No. 99-10-1R, which, among other things, reauthorized the assessment of charges against certain real property in the service District, established the amount of such charges for calendar years 2000 and 2001, and authorized and directed the Service to place Environmental Service Liens on any real property in the Service district for which a charge is not paid when due, or to take any other action as is necessary to collect any moneys due to the Service related to the Service District.

Pursuant to section 3-106(i) of the Act, the Service is required to review, update, and readopt the Five-Year Plan for the Service District biennially after review by the municipalities and persons concerned. The Five-Year Plan may be updated and readopted by the Service only after at least one public hearing in each of the counties affected. The Service adopted the First Biennial Update to the Five-Year Plan by Board of Directors Resolution No. 00-02-1R on February 24, 2000. In accordance with the Act, the Service drafted the Second Biennial Update to the Five-Year Plan for the Service District ("The Second Biennial Update") attached hereto as Exhibit A. On March 27, 2002, the Service conducted a public information hearing in the community of

Darlington in Harford County on the proposed Second Biennial Update. The Service also sent the Second Biennial Update to the Harford County Department of Public Works, the Harford County Council, the Maryland Department of the Environment, the Maryland Department of Natural Resources, and the Maryland Office of Planning for review and comment.

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 creation of the Service District is hereby reaffirmed. The boundaries of the Service District shall remain the same as those set forth in the Five-Year Plan as is delineated in Attachment D of the First Biennial Update. The Service may permit a property within the boundaries of the Service District that is not currently connected to the System to connect to the System in accordance with the Second Biennial Update herein adopted.

3. The Second Biennial Update in substantially the form presented to this meeting is hereby approved, and the Director of the Service shall be, and hereby is, authorized to execute and deliver such Second Biennial Update 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 actions authorized and approved by this Resolution. The Service is hereby directed to file such Second Biennial Update among the permanent records of the Service.

4. In accordance with the provisions of the Second Biennial Update, the Service District is hereby updated, revised, and adopted. The Director shall be, and hereby is, authorized to take any and all such actions as are necessary to implement the provisions of the Second Biennial Update.

5. 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, including grant and loan agreements, as the Director shall deem desirable to effect the establishment of the Second Biennial Update and the other matters contemplated by this Resolution.

6. 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 by the Service of such document, and any and all changes thereto from the form presented to the Board herewith, by the Service.

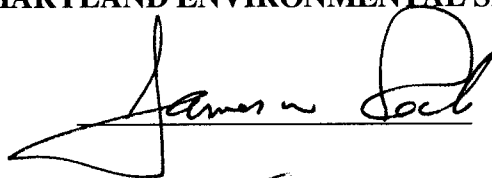
7. This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 29th DAY OF APRIL, 2002.

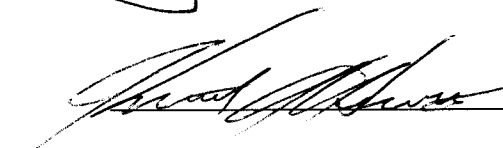
MARYLAND ENVIRONMENTAL SERVICE

SEAL

James W. Peck
Director



Kenneth Howarth
Treasurer



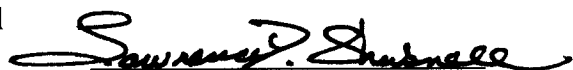
Jennifer P. Dougherty
Secretary

NOT PRESENT

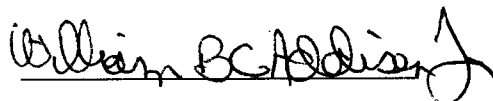
Leslie Jenkins Jackson
Member

NOT PRESENT

Lawrence D. Shubnell
Member



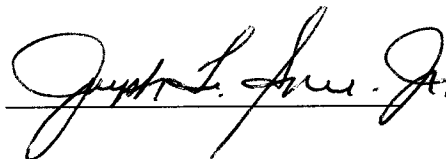
William B.C. Addison, Jr.
Member

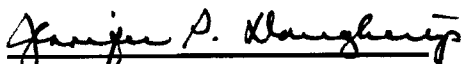


Daniel F. McMullen, III
Member



Joseph F. Snee, Jr.
Member



Attest: 
Jennifer P. Dougherty, Secretary

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
02-07-1R**

A RESOLUTION

Directing the Deputy Director of the Maryland Environmental Service ("Service") to perform certain duties and assignments, and establishing the salary of the Deputy Director.

R E C I T A L S

By Chapter 196 of the 1993 Acts of the General Assembly, the Service is established as an instrumentality of the State. Section 3-103(b) of the Natural Resources Article of the Annotated Code of Maryland (Maryland Environmental Service Act, or "Act") establishes the office of Deputy Director of the Service, and further provides that the Deputy Director is a member of the Board of Directors of the Service. Section 3-103(c) of the Act generally sets forth the duties and responsibilities of the Deputy Director. Acting pursuant to Section 3-103(b), the Director has appointed Jack A. Gullo to be Deputy Director. The Governor of Maryland has approved the appointment of Mr. Gullo to be Deputy Director.

Pursuant to Section 3-103(b)(1) of that same Article, the Deputy Director of the Service shall receive such compensation as may be determined by the Board of Directors of the Service.

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

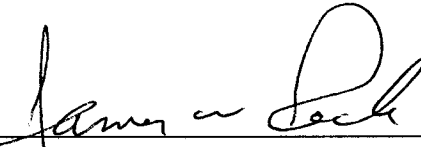
1. In addition to the duties and responsibilities set forth in N.R. Section 3-103(c), the Deputy Director shall have such other duties and responsibilities as may be assigned by the Director or the Board.
2.
 - A. For performance of the Deputy Director's duties and responsibilities, the Deputy Director shall be paid a salary of \$ 112,500 per annum.
 - B. The salary shall be effective as of August 5, 2002. Prior to August 5, 2002, and in accordance with a previous action of the Board, the Deputy Director's salary shall be \$0.

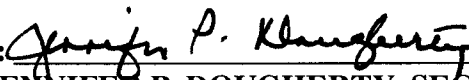
3. The Deputy Director shall be eligible for, and shall receive, in addition to the Deputy Director's salary, the same employee benefits that are generally made available to full time employees of the Service.
4. This Resolution shall take effect immediately.

ADOPTED, this 25th day of July, 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

(Deposit Accounts)

Treasurer Maryland Environmental Service

I, the undersigned hereby certify that I am the ~~corporation duly organized and existing under the laws of~~ and custodian of the records of ~~An AGENCY~~ Maryland Environmental Service (legal name of corporation) ~~corporation duly organized and existing under the laws of~~ MD (the "Corporation"); that the following is a true and correct copy of certain resolutions duly adopted by the Board of Directors of said Corporation at a meeting duly held on the day of _____ at which a quorum was present; and that the following resolutions are in conformity, and not in conflict, with the charter and by-laws of said Corporation and have not since been rescinded or modified.

Deposits Accounts

Sun Trust

Resolved, that _____ ("Bank") be and is hereby designated a depository of this Corporation; that any one of the officers listed immediately below be and is hereby authorized to enter into on behalf of this Corporation any of Bank's checking, savings, time deposit, wire transfer, night deposit, or cash management and corporate service agreements or other deposit account agreements; that this Corporation shall be bound by both the terms and conditions of said agreements and Bank's rules and regulations related thereto, all as now existing or as amended from time to time; and that any officer of this Corporation with the title shown below is hereby authorized on behalf of this Corporation to endorse for deposit with said Bank, or for negotiation or collection, any and all checks, drafts, certificates of deposit, savings certificates, items or other instruments or written orders for the payment of money payable to this Corporation, which endorsement, if any, may be in writing, by stamp, or otherwise affixed, with or without designation or signature of the person so endorsing, it being understood that all prior endorsements on such items are guaranteed by this Corporation, regardless of the lack of an express guarantee in the endorsement of this Corporation.

Further Resolved, that said Bank be and is hereby directed to honor, pay and charge to the accounts of this Corporation, without inquiry as to the circumstances of the issuance or application of the proceeds of checks, drafts, items or other written orders on any of this Corporation's accounts with Bank, whether or not payable to, endorsed or negotiated by or for the credit of any person signing the same or any other officer of this Corporation, when signed by any One (number required) of the following officers of this Corporation with the title shown below.

Wire Transfer

Further Resolved, that any of the officers of this Corporation with the title shown below are hereby authorized to execute the Funds Transfer Agreement to authorize the transfer of funds to other financial institutions or other accounts at Bank by written instructions, telephone or terminal communication device and all the exhibits thereto, and to appoint persons from time to time who are authorized to request such transfers on behalf of the Corporation.

Officer Title (titles, not names)

Treasurer
Deputy Chief Financial Officer

Facsimile Signatures (Complete this section only if facsimile signatures are to be used on items).

N/A

Further Resolved, that said Bank is hereby requested, authorized and directed to honor any check, draft, item or other written order on any of this Corporation's deposit accounts with Bank when bearing or purporting to bear the following authorized machine or facsimile signature of any of the above officers whose signatures are reproduced below, regardless of by whom or by what means the actual or purported machine or facsimile signatures may have been affixed.

(Name of Authorized Signer)

(Machine or Facsimile Signature of Authorized Signer)

(Name of Authorized Signer)

(Machine or Facsimile Signature of Authorized Signer)

Further Resolved, that the Corporation shall indemnify and hold Bank harmless from any and all claims, expenses, losses, damages and costs (including attorneys' fees) resulting from, or growing out of Bank's honoring the facsimile signature of any of the above officers, its refusal to honor any facsimile signature of an officer not listed above, or resulting from the unauthorized use of the instrument used to produce the facsimile signatures by persons other than authorized officers.

Additional Signer Designation

Further Resolved, that the custodian of the records of this Corporation and any other authorized officer may designate the following individuals as additional signers and any _____ (number required) are authorized only to sign checks, drafts, items or other written orders on any of the Corporation's within named deposit accounts with Bank.

Additional Signers	Position
8.	
9.	
10.	
11.	
12.	

Exemption

I further certify that the above named corporation is eligible to earn interest in compliance with Regulation D of the Federal Reserve Act (12CFR 204) as a Non-Profit Organization that is operated primarily for Religious, Philanthropic, Charitable, Educational, Political or other similar purposes under one of the following sections: Organization- Section 501 (C)(3) through (13), and (19) of the Internal Revenue code (26 USC (IRC 1954) 501 (C) (3) - (13) and 19). Political Organization - Section 527 of the Internal Revenue Code (26 USC (IRC 1954) 527). Homeowners and Condominium Owners Associations - Section 528 of the Internal Revenue Code (26 USC (IRC 1954) 528).

General

Agency

Further Resolved, that the custodian of the records of this ~~Corporation~~ ^{Agency} be and is authorized and directed to furnish said Bank a certified copy of these resolutions, which resolutions shall continue in full force and effect until written notice of the rescission or modification of the same has been received by Bank, and Bank has had a reasonable time to act on said change; and to furnish said Bank the names and specimen signatures of the person(s) named herein, and such persons from time to time holding the positions named herein, on Bank's usual form of signature card or on a form acceptable to Bank. I hereby certify that the following are the names and specimen signatures of the authorized person(s) listed in the foregoing resolutions and that each presently holds the title or designation indicated and has full authority for all acts noted herein.

Officers

Name

Officer Title

- 1. Kenneth A. Howarth
- 2. Henry I. Cook
- 3.
- 4.
- 5.
- 6.
- 7.

Treasurer
Deputy CFO

Additional Signers

- 8.
- 9.
- 10.
- 11.
- 12.

Signature

SSN

Date of Birth

259-48-9943

11/13/34

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____
- 11. _____
- 12. _____

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 25 day of July, 2002

Seal

Title Secretary

Bank Use: Account Numbers _____

Officers and Additional Signers verified by _____ Phone No. _____

Center Name: _____ Center No. _____



Business Account Signature Card

Account Title **Maryland Environmental Service**

Bank Number

Type of Organization **Government Agency**

Account Number

Special Instructions

Verification/Tax Identification No. **52-0982511**

Authorized Signature(s)

No. of Signatures Required **One**

Signature 1 _____

Name/Title **James W. Peck, Director**

Signature 2 _____

Name/Title **Jack A. Gullo, Jr Deputy Dir**

Signature 3 _____

Name/Title **Kenneth A. Howarth, Treasure**

Signature 4 _____

Name/Title **Henry I. Cook, Deputy CFO**

Signature 5 _____

Name/Title **Jennifer P. Dougherty,
Secretary**

Signature 6 _____

Name/Title _____

Date Opened	Date Revised	Reason
Center	Officer Number	ID
Work Phone	By	
New <input checked="" type="checkbox"/>	Replacement <input type="checkbox"/>	Change <input type="checkbox"/>

("Bank")

It is agreed that all transactions between the Bank and the entity listed in the above Account Title ("Depositor") shall be governed by the rules and regulations for this account and the above signed as the authorized agent(s) of the Depositor hereby acknowledge(s) receipt of such rules and regulations and the funds availability policy. The Depositor also acknowledges the funds availability policy has been explained.

Certification - Under penalties of perjury, I, as authorized agent of the Depositor certify that:

- 1) is the correct taxpayer identification number for the Depositor (or the Depositor is waiting for a number to be issued), and
- 2) The Depositor is not subject to backup withholding because: (a) the Depositor is exempt from backup withholding, or (b) the Depositor has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified the Depositor that it is no longer subject to backup withholding, and
- 3) The depositor is a U.S. person (including a U.S. resident alien).

Certification Instructions. You must cross out item 2 above if the depositor has been notified by the IRS that the depositor is currently subject to backup withholding because the depositor has failed to report all interest and dividends on the depositor's tax return.

Signature of U.S. Person _____

Date _____

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

02-08-1R

A RESOLUTION

Establishing certain committees of the Board of Directors ("Board") of the Maryland Environmental Service ("Service"), describing certain duties of the committees, and generally relating to the organization of the Board.

R E C I T A L S

The Service was created by, and exists under, the Maryland Environmental Service Act, Title 3, Subtitle 1, Natural Resources Article, Annotated Code of Maryland (2000 Repl.Vol.) ("Act"). Section 3-103(b) of the Act establishes the Board of Directors of the Service. Pursuant to the Act, the Board is authorized to exercise various powers. In exercising its powers, the Board may appoint committees of its members to consider various issues, and to report to the full Board on those issues. The Board has determined to establish an Audit Committee and a Human Resources and Compensation Committee.

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

1. A. There is an Audit Committee of the Board. The Audit Committee shall consist of at least 3 outside members of the Board who are selected by a majority of the Board.
- B. The Audit Committee shall, from time to time, review the auditing, accounting and financial management practices and procedures of the Service, and make recommendations to the Board with respect thereto. The Audit Committee shall also undertake any other activities that the Board may request.
- C. The Director and the Treasurer shall assign staff of the Service to assist the Audit Committee.

2.
 - A. There is a Human Resources and Compensation Committee of the Board. The Human Resources and Compensation Committee shall consist of at least 3 outside members of the Board who are selected by a majority of the Board.
 - B. The Compensation Committee shall, from time to time, review the Service's human resources program, and employee compensation strategies and policies, and make recommendations to the Board with respect thereto. The Compensation Committee shall also undertake any other activities that the Board may request.
 - C. The Director shall assign staff of the Service to assist the Compensation Committee.
3. A Board member who attends a meeting of the Audit Committee or the Human Resources and Compensation Committee shall receive:
 - A. Per diem compensation in the same amount as Board members receive for attending meetings of the Board; and
 - B. Reimbursement for travel expenses.

ADOPTED, this 15th day of August 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY:



JAMES W. PECK, DIRECTOR

BY:



JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: Jennifer P. Dougherty
JENNIFER P. DOUGHERTY, SECRETARY

BY: Kenneth A. Howarth
KENNETH A. HOWARTH, TREASURER

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 02-08-2R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of a Ground Lease Agreement (the "Ground Lease") for a certain parcel of real property owned by the Service and located on Najoles Road, Millersville, Maryland (the "Land"), an Operating Agreement (the "Operating Agreement"), and an Office Lease Agreement (the "Office Lease")(the Ground Lease, the Operating Agreement, and the Office Lease being collectively referred to herein as the "Project Agreements"), and related instruments and documents; and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2000 Replacement Volume, 2002 Supplement), as amended to date (the "Act"), including, (among others) the powers (i) to maintain one or more offices at a place or places it chooses, (ii) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service, and (iii), to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purpose of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves.

The Service is the fee simple owner of the Land, which is undeveloped and consists of approximately five (5) acres, more or less, on the east side of Najoles Road, near the intersection of Benfield Road, Millersville, Anne Arundel County, Maryland. Pursuant to the Ground Lease, the Service intends to lease the Land to the KC-MES Joint Venture, LLC (the "Joint Venture") for an initial term of forty (40) years. In accordance with the Operating Agreement, the Service will be a member of the Joint Venture. The Joint Venture will also include as a member KC-Najoles Development Company, LLC. The Joint Venture will undertake to develop, plan, design, construct and finance a Class A, two-story office building consisting of approximately 43,000 square feet, more or less (the "Office Building"). The Service intends to lease from the Joint Venture, under the terms of the Office Lease, a minimum of 39,000 square feet, more or less, for use as the Service's headquarters. The initial term of the Office Lease will be twenty (20) years. Under the terms of the Project Agreements, and upon the payment of certain specified sums to KC-Najoles Development Company, LLC, the Service may terminate the Project Agreements.

The most recent drafts of the Ground Lease, the Operating Agreement, and the Office Lease are attached hereto as, respectively, Exhibits "A," "B," and "C." The Service proposes to enter into Project Agreements substantially in the form presented to this meeting.

The Service considers the leasing and the development of the Land, and the planning, design, construction and financing of the Office Building for its headquarters building, and all other transactions contemplated by this Resolution, to be in furtherance of the public purposes of the Act and the Service.

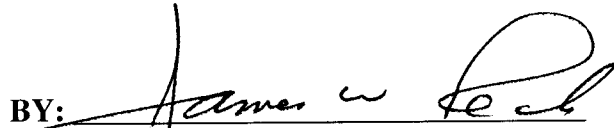
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, that:


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 finds and determines that the leasing and development of the Land, and the planning, design, construction, and financing of the Office Building, under terms and conditions negotiated by the Director, and pursuant to the terms of the Project Agreements in substantially the form presented to this meeting and incorporated in this Resolution, are in the best interests of the Service.
3. The Project Agreements are hereby approved. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Project Agreements with any changes, insertions and omissions therein as may be approved the Director, under the terms and conditions the Director deems to be in the best interest of the Service, such approval to be conclusively evidenced by such execution and delivery of the Project Agreements. The Director, Deputy Director, Treasurer, and Secretary of the Service are each hereby authorized to affix the official seal of the Service to the Project Agreements and attest the same.
4. The Director 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, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, and the Project Agreements.
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 Board.
6. This Resolution shall take effect immediately upon its adoption.


ADOPTED, this 15th day of August 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

(02-09-1R)

A RESOLUTION authorizing

The formal ratification by the Maryland Environmental Service (the "Service") of the procurement of equipment; assignment of the equipment to a Project Reserve Fund (Internal Service Fund); and borrowing of moneys to finance the purchase of the assets.

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, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service; (ii) to create and establish a project reserve fund; and (iii) 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.

The Service considers the purchase of various pieces of machinery and equipment for the use and support of certain projects 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 purchase of the equipment (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.

2. Certain procurements have been or will be initiated by the Service due to funding availability and project schedules.

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed Eight Hundred Thousand Dollars (\$800,000.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to MES projects, including, without limitation, to the Maryland Tire Recycling Facility Project to be owned and operated by the Service; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset; (d) the use of interfund borrowing, as needed, but only a temporary basis, to facilitate the purchase transaction; and (e) use of the proceeds of the permanent financing as appropriate to reimburse the interfund borrowing, including, without limitation, financing in the form of a Master Equipment Lease-Purchase Agreement.

4. The purchases shall be, and hereby are, adopted and authorized as set forth above, and the Director of the Service is hereby authorized to proceed as authorized and approved by this Resolution. The Service may make any substitutions of the Assets to any client-specific project it deems necessary.

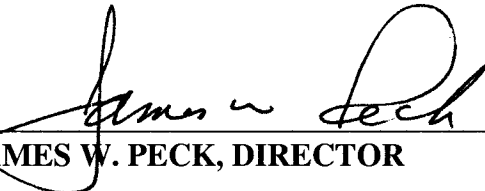
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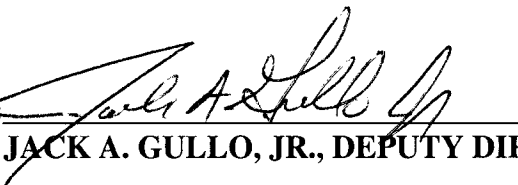
5. This Resolution shall take effect immediately.

ADOPTED, this 19th day of September, 2002.

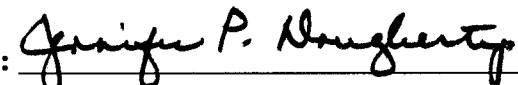
SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

**CAPITAL EQUIPMENT EXPENDITURES
(02-09-1R)**

<u>No.</u>	<u>Description</u>	<u>Estimated Cost</u>
1	Crumb Rubber & Recycled Organics Bagging System*	800,000.00
	Total	<u>\$ 800,000.00</u>

* May include new and used equipment and all other required appurtenances for bulk storing, conveying, colorizing, blending, weighing, bagging, palletizing, and wrapping bagged crumb rubber and recycled organics

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE

RESOLUTION

02-11-1 R

A RESOLUTION AUTHORIZING

the issuance, sale and delivery by the Maryland Environmental Service (the "Service") of a revenue bond, the bond to be designated the Maryland Environmental Service Drinking Water Series 2002 (the "Bond") in a principal amount not to exceed \$ 942,000.00 pursuant to the Maryland Water Quality Financing Administration Act (codified as sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, (as amended), and the Maryland Environmental Service Act (codified as sections 3-101 to 3-130, inclusive of the Natural Resources Article of the Annotated Code of Maryland (as amended), for the purpose of financing the design, construction, repair, and improvements to the water supply and distribution system (the "System") owned and operated by the Service in the Darlington Water Supply Service District (the "Service District"); the execution and delivery of a Drinking Water Loan Agreement (the "Loan Agreement") between the Service and the Maryland Water Quality Financing Administration (the "Administration"); providing for the Loan Agreement to be an obligation of the Service payable first from revenues received from charges assessed by the Service against real property located in the Service District and such other revenues as may be received by the Service in connection with the Service District, and second, from all revenues, grants, and other monies the Service is entitled to receive from the State of Maryland, or that may be at any time due from the State or any department, agency, or instrumentality of the State to the Service; and providing generally for other matters necessary to the 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 (2000 replacement volume) as amended to date (the "Service Act"), including (among others) the powers (i) to establish service districts for the provision of services, facilities or property used or useful or having present capacity for future use in connection with the supply and distribution of water; (ii) 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; 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 October 23, 1997, this Board approved Resolution No. 97-10-1R authorizing the creation of the Service District. The Service District supplies potable water supply to over 100 parcels of property located in Darlington, Maryland, which is a postal route located in northeastern Harford County, Maryland. The Service District supplies water to the properties located within its boundaries via the System that was originally constructed in the early 1950's. Due to the age of the System, the Service desires to replace the System in its entirety with financial assistance from the Administration.

The federal Safe Drinking Water Act ("SDWA"), as amended, authorizes the U.S. Environmental Protection Agency ("EPA") to award grants to qualifying States to establish and capitalize State drinking water treatment revolving loan funds ("SRFs") for the purpose of providing loans and certain other forms of financial assistance (but not grants) to finance, among other things, the construction and improvement of publicly owned water supply systems.

As contemplated by the SDWA, the General Assembly of Maryland has amended the Maryland Water Quality Financing Administration Act, codified at Sections 9-1601 through 9-1622 of the Environment Article of the Annotated Code of Maryland, as amended (the "Act"), establishing an SRF designated the Maryland Drinking Water Revolving Loan Fund (the "Fund") to be maintained and administrated by the Administration. The Act authorizes the Administration, among other things, to make a loan from the Fund to the Service for the purpose of financing all or a portion of the cost of a "water supply system" project (as defined in the Act).

The Service has applied to the Administration for a loan from the Fund to assist in the financing of the improvements to the Darlington Water Supply Service District system (the "System"), which constitutes a "water supply system" within the meaning of the Act. In accordance with the Act, the Administration and the Service will enter into the Loan Agreement to effect and evidence the loan (the "Loan").

Pursuant to the terms of the Loan Agreement, the Service will finance the construction of certain improvements to the System by the issuance and sale of the Bond in an aggregate principal amount not to exceed \$942,000, which constitutes a "loan obligation" within the meaning of the Act, and evidences its payment obligations under the Loan Agreement.

In accordance with the Loan Agreement, the Service's obligation to repay the Loan will be forgiven by the Administration, provided that the Service complies with all of its other nonpayment obligations under the Loan Agreement. In the event of a default by the Service under the Loan

Agreement, the Service will be required to repay the Loan. Such Loan Repayments will consist of principal and interest on amounts loaned to the Service pursuant to the Loan Agreement.

On October 30, 2002, the Board of Public Works for the State of Maryland approved a request by the Maryland Department of the Environment to make the Loan to the Service with principal forgiveness of up to \$942,000.00 from the Maryland Drinking Water Revolving Loan Fund for the System upgrade.

The Service considers the issuance of the Bond, and the execution and delivery of the Loan Agreement to be in furtherance of the public purposes of the Service 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. Pursuant to the authority under the Act and the Service Act (collectively, the "Enabling Legislation"), the Service hereby determines to borrow money and incur indebtedness for the public purpose of financing a portion of the cost of acquiring, designing, constructing and equipping certain improvements to the System, including, as applicable, the development of property, the acquisition and installation of equipment and furnishings and any related architectural, financial, legal, planning and engineering expenses. As contemplated by the Act, such borrowing and indebtedness shall be made and incurred in accordance with the provisions of the Loan Agreement between the Service and the Administration under which such indebtedness shall be forgiven so long as the Service performs all of its other obligations under the Loan Agreement.

3. The Loan Agreement attached hereto as Appendix A and made a part hereof 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 Loan 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. The execution of the Loan Agreement and the Bond by the Director of the Service shall be conclusive evidence of the approval by the Service of all changes in the form of the Loan Agreement and the Bond and of the due execution of the Loan Agreement and the Bond by the Service. The Director of the Service is expressly authorized to execute and deliver from time to time such amendments to the Loan Agreement as shall be deemed necessary or appropriate by the Director to cure any defect or ambiguity in the Loan Agreement, to add any provision thereto beneficial to the Service or to comply with Administration practices and policy from time to time.

4. To evidence the payment obligations of the Service under the Loan Agreement, and pursuant to the Service Act, the Service shall issue and sell the Bond in a maximum principal amount not to exceed \$942,000.00. The Bond shall bear interest at an interest rate equal to the average of the Bond Buyer 11-Bond Index for the month prior to closing, subject to adjustment in accordance with the Loan Agreement. The determination of the interest rate on the Bond by the Administration in accordance with the foregoing shall be conclusive. The Bond shall be issued in registered form and the Service shall serve as bond registrar for the Bond. The Bond shall be in substantially the form set forth in Attachment 1 to Exhibit A to the form of Loan Agreement attached hereto, and the Service hereby approves the form of and authorizes the execution and delivery of the Bond in substantially the form set forth in Attachment 1 to Exhibit A to the form of the Loan Agreement attached hereto, including all covenants and conditions set forth therein.

5. As authorized and contemplated by the Loan Agreement and Section 9-1606 of the Act, the Bond shall be sold at private sale to the Administration, public advertisement and sale of the Bond not being required by the terms of the Act, and the best interests of the Service being hereby declared to be served by such Private sale. The Director of the Service is expressly authorized and empowered to take any and all action necessary to complete and close the award, sale and delivery of the Bond to the Administration, including, without limitation, making such changes or modifications in the form of the Bond adopted herein as may be necessary or appropriate to comply with Administration practices and policies applicable from time to time.

6. The "dedicated source of payment" for the Bond in the event of a default by the Service under the Loan Agreement shall be those revenues received from charges assessed by the Service against real property located in the Service District and such other revenues as may be received by the Service in connection with the Service District. In the event the revenues received by the Service in connection with the Service District are not sufficient to repay the Loan, the Service's obligation under the Loan Agreement shall be payable from all revenues, grants, and other monies the Service is entitled to receive from the State of Maryland, or that may be at any time due from the State or any department, agency, or instrumentality of the State to the Service.

7. The Director and other officers of the Service shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents as the Director shall deem desirable to effect the completion of the issuance, sale, and delivery of the Bond, the execution and delivery of the Loan Agreement, and the other matters contemplated by this Resolution.

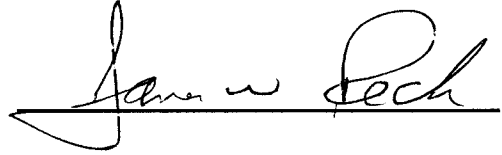
8. This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 21ST DAY OF NOVEMBER, 2002.

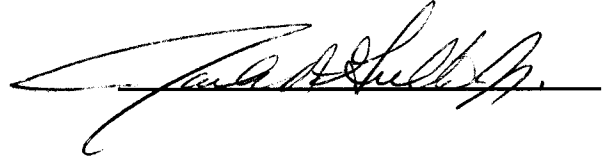
MARYLAND ENVIRONMENTAL SERVICE

SEAL

James W. Peck
Director



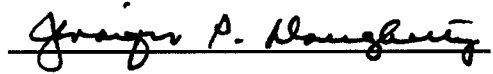
Jack A. Gullo, Jr.
Deputy Director



Kenneth Howarth
Treasurer



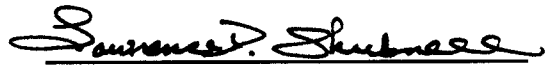
Jennifer Dougherty
Secretary



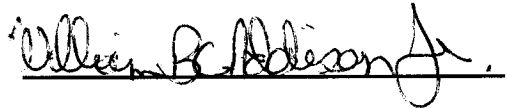
Leslie Jackson Jenkins
Member

Not Present

Lawrence D. Shubnell
Member



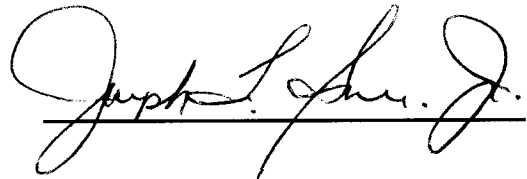
William B.C. Addison, Jr.
Member

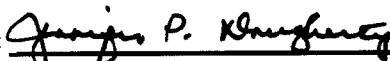


Daniel F. McMullen, III
Member

Not Present

Joseph F. Snee, Jr.
Member



Attest: 
Jennifer Dougherty, Secretary

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE

RESOLUTION

02-11-2 R

A RESOLUTION amending Resolution No. 95-3-3R.

RECITALS

By Chapter 196 of the 1993 Acts of the General Assembly, the Service is established as an agency and instrumentality of the State of Maryland and a public corporation by that name. Section 3-103(e) of the Natural Resources Article of the Annotated Code of Maryland provides the following:

The director is both the administrative head of the Service and the presiding officer of the Board [of Directors]. The director is directly responsible to the Board and shall advise the Board on all matters assigned to the Service. The director shall carry out the Board's policies related to the Service. He is responsible for the exercise of all powers and duties conferred upon the Service by the provisions of this subtitle except for those powers and duties conferred by this subtitle on the secretary, treasurer, or board.

Pursuant to Section 3-103(b)(1) of that same Article, the Director of the Service shall receive such compensation as may be determined by the Board of Directors of the Maryland Environmental Service.

In accordance with these provisions, the Board has previously taken official action to set the compensation and other employee benefits for the Director. The Board now desires to modify the employee benefits received by the Director.

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

1. Section 2 of Resolution 95-3-3R is hereby amended to be as follows:

Except as otherwise provided in this Resolution, the Director shall be entitled to, and shall receive, in addition to his salary, the same employee

benefits that are generally made available to full time employees of the Service. Notwithstanding the foregoing, the Director may accumulate unused annual leave, and may carry over from 1 year to the next year up to 400 hours of that unused annual leave. Upon separation from employment with the Service the Director shall be compensated for all accumulated unused annual leave

2. The Board confirms that Section 1 of Resolution 95-3-3R has previously been modified by official action of the Board taken at its meeting of June 27, 2002.

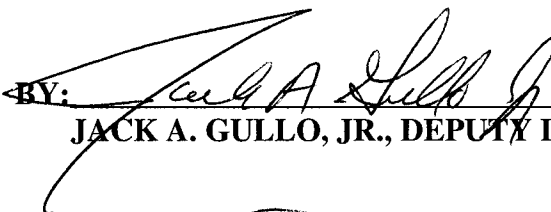
3. This Resolution shall take effect immediately.

ADOPTED, this 21st day of November, 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: Abstained
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

(02-12-01R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE ACQUISITION, DESIGN, ENGINEERING, PERMITTING, CONSTRUCTION, EQUIPPING, INSPECTION AND FINANCING OF A SOLID WASTE DISPOSAL FACILITY PROJECT, AND RELATED FACILITIES, WITH THE PROCEEDS OF DEBT TO BE ISSUED BY THE MARYLAND ENVIRONMENTAL SERVICE.

R E C I T A L S

WHEREAS, to facilitate an efficient borrowing program the Maryland Environmental Service (the "Service") intends to expend money on some or all of the acquisition, design, engineering, permitting, construction, equipping, inspection and financing of a solid waste disposal facility project, and related facilities, to be located in Caroline County, Maryland ("Project") prior to the issuance of debt by the Service for such project; and

WHEREAS, the Service intends to reimburse such expenditures from the proceeds of debt to be issued by the Service; and

WHEREAS, to comply with applicable provisions of the Internal Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations, it is necessary in order to reimburse such expenditures with the proceeds of tax-exempt debt, that the Board of Directors of the Service declare the official intent of the Service to make such a reimbursement of expenditures.

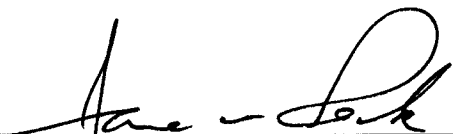
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE THAT:

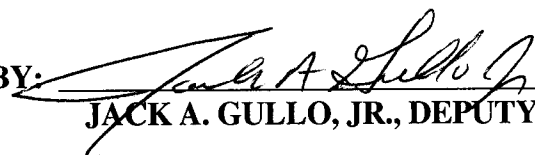
1. The Service intends to expend money for all or part of the acquisition, design, engineering, permitting, construction, equipping, inspection and financing of the Project prior to the issuance of bonds or other debt obligations to reimburse such expenditures. The Service expects to reimburse itself with the proceeds of bonds or other debt obligations in an amount not to exceed Ten Million Dollars (\$10,000,000.00).
2. This Resolution shall take effect immediately.

ADOPTED, this 19th day of December, 2002.

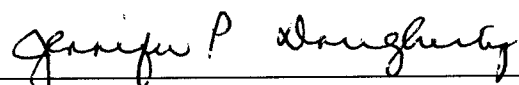
SEAL

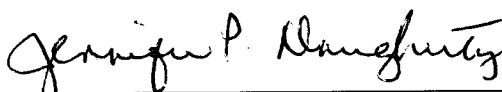
MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

ATTEST: 
JENNIFER P. DOUGHERTY, SECRETARY

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

(02-12-02R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE ACQUISITION, DESIGN, ENGINEERING, PERMITTING, CONSTRUCTION, EQUIPPING, INSPECTION AND FINANCING OF A SOLID WASTE DISPOSAL FACILITY PROJECT, AND RELATED FACILITIES, WITH THE PROCEEDS OF DEBT TO BE ISSUED BY THE MARYLAND ENVIRONMENTAL SERVICE.

R E C I T A L S

WHEREAS, to facilitate an efficient borrowing program the Maryland Environmental Service (the "Service") intends to expend money on some or all of the acquisition, design, engineering, permitting, construction, equipping, inspection and financing of a commercial solid waste transfer station project, and related facilities, to be located at the Western Acceptance Facility in Baltimore County, Maryland ("Project") prior to the issuance of debt by the Service for such project; and

WHEREAS, the Service intends to reimburse such expenditures from the proceeds of debt to be issued by the Service; and

WHEREAS, to comply with applicable provisions of the Internal Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations, it is necessary in order to reimburse such expenditures with the proceeds of tax-exempt debt, that the Board of Directors of the Service declare the official intent of the Service to make such a reimbursement of expenditures.

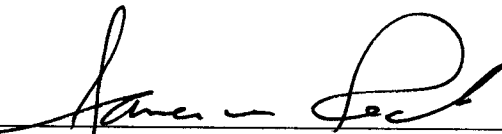
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE THAT:


1. The Service intends to expend money for all or part of the acquisition, design, engineering, permitting, construction, equipping, inspection and financing of the Project prior to the issuance of bonds or other debt obligations to reimburse such expenditures. The Service expects to reimburse itself with the proceeds of bonds or other debt obligations in an amount not to exceed Two Million Dollars (\$2,000,000.00).
2. This Resolution shall take effect immediately.

ADOPTED, this 19th day of December, 2002.

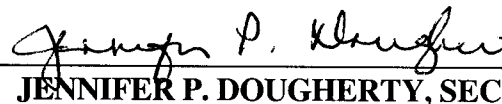
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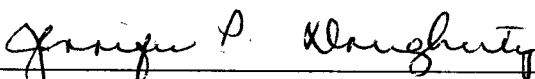
MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY

ATTEST: 
JENNIFER P. DOUGHERTY, SECRETARY

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 02-12-3R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of a Master Lease Agreement (the "Master Lease"), Equipment Schedule No. 1 (the "Equipment Schedule No. 1"), an Escrow Agreement (the "Escrow Agreement"), and related instruments and documents; and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2000 Replacement Volume, 2002 Supplement), as amended to date (the "Act"), including, (among others) the powers (i) to borrow money 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, (ii) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service, and (iii), to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purpose of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves.

The Service has developed the Project (as defined below) as a means of providing solid waste disposal and recycling services to the citizens of the State of Maryland. The Service intends to accept recycled organic material and other recycled material, process the material for packaging, then package the material into various size bags. The Project consists (by way of general description and not limitation), of a bagging machine, a palletizer, a colorizer, and rolling stock; other miscellaneous handling and recycling equipment; and ancillary equipment, furnishings, and supplies. The Project will be located at an existing warehouse located on Hollins Ferry Road, Baltimore County. In conjunction with implementation of the Project, the Service will make improvements to the warehouse building.

The Suntrust Leasing Corporation ("Suntrust") has submitted to the Service a Proposal dated November 12, 2002 (the "Proposal"), a copy of which is attached as Exhibit "1". The Service has determined to obtain the equipment listed on page 2 of the Proposal (the "Equipment") through a Master Lease and Equipment Schedule No. 1, (collectively, the "Lease") with Suntrust Leasing Corporation. Unless the Service and Suntrust agree otherwise, the funds made available under the Lease will be deposited with Suntrust Bank (the "Escrow Agent") pursuant to an Escrow Agreement between the Service and the Escrow Agent (the "Escrow Agreement") and will be applied to the acquisition of the Equipment in accordance with

the Escrow Agreement. The Service proposes to enter into the Lease with Suntrust and the Escrow Agreement with the Escrow Agent substantially in the form presented to this meeting.

The Service considers the implementation of the Project, the acquisition of the Equipment, and all other transactions contemplated by 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 finds and determines that the financing of the Equipment pursuant to the terms of the Proposal, the Lease and the Escrow Agreement (collectively, the "Financing Documents") in substantially the form presented to this meeting and incorporated in this Resolution, in an amount not to exceed Seven Hundred Twenty Thousand Seven Hundred and Fifty-five Dollars (\$720,755.00), for a term not to exceed 7 years, and at an interest rate not to exceed Four and Thirty-seven Hundredths Percent (4.37%) per annum, are in the best interests of the Service. Copies of the form of the Financing Documents are attached hereto as Exhibit "2".
3. The Financing Documents and the acquisition and financing of the Equipment under the terms and conditions as substantially described in the Financing Documents and this Resolution are hereby approved. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Financing Documents with any changes, insertions and omissions therein as may be approved the Director, such approval to be conclusively evidenced by such execution and delivery of the Financing Documents. The Director is hereby authorized to negotiate and execute an agreement with SunTrust which eliminates the requirement for an Escrow Agreement or Escrow Agent. The Director, Deputy Director, Treasurer, and Secretary of the Service is each hereby authorized to affix the official seal of the Service to the Financing Documents and attest the same.
4. The Director 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, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, and the Financing Documents.
5. The undersigned further certify that this Resolution has not been repealed or amended and remains in full force and effect.
6. The execution by the Director of the Service, or any other officer of the Service, of any document authorized herein to be executed by the Director or other officer shall

constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Board.

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

ADOPTED, this 19th day of December, 2002.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY:


JAMES W. PECK, DIRECTOR

BY:


JACK A. GULLO, JR., DEPUTY DIRECTOR

BY:


KENNETH A. HOWARTH, TREASURER

BY:


JENNIFER P. DOUGHERTY, SECRETARY

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 02-12-4R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of an Amended and Restated Master Lease Agreement (the "Master Lease"), Equipment Schedule No. 1 (the "Equipment Schedule No. 1"), an Amended and Restated Escrow Agreement (the "Escrow Agreement"), and related instruments and documents; and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2000 Replacement Volume, 2002 Supplement), as amended to date (the "Act"), including, (among others) the powers (i) to borrow money 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, (ii) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service, and (iii), to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purpose of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves.

On April 29, 2002, the Board of Directors of the Service adopted Resolution No. 02-04-1R (the "Original Financing Resolution"). The Original Financing Resolution authorized the Service to execute and deliver, *inter alia*, a Master Lease with SunTrust Leasing Corporation, an Equipment Schedule No. 1, and an Escrow Agreement, for scrap tire recycling equipment, as more particularly described in the Original Financing Resolution as the "Project." Pursuant to Section 265(b) of the Internal Revenue Code of 1986 (the "Code") and the Original Financing Resolution, the Service also designated the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. As a "qualified tax-exempt obligation" the interest portion of the lease payments due under the Master Lease would be exempt from the Lessor's income tax. In furtherance of the Original Financing Resolution, the Service has initiated implementation of the Project and procured the equipment described therein.

The Service now desires to adopt an Amended and Restated Master Lease, Equipment Schedule No. 1, and an Amended and Restated Escrow Agreement, so that the interest portion of the lease payments will not be exempt from the Lessor's income tax.

The Service considers the implementation of the Project, the acquisition of the Equipment, and all other transactions contemplated by 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 finds and determines that the refinancing of the Equipment pursuant to the terms of the Amended and Restated Master Lease Agreement and the Amended and Restated Escrow Agreement (collectively, the "Financing Documents") in substantially the form presented to this meeting and incorporated in this Resolution, in an amount not to exceed Four Million Six Hundred Eighty Thousand Dollars (\$4,680,000.00), for a term not to exceed 10 years, and at an interest rate not to exceed Five and Forty One-hundredths Percent (5.40%) per annum, are in the best interests of the Service. Copies of the form of the Financing Documents are attached hereto as Exhibit "1". The Board further confirms and readopts its findings and determinations set forth in the Original Financing Resolution, to the extent not modified by this Resolution.
3. The Financing Documents and the acquisition and financing of the Equipment under the terms and conditions as substantially described in the Financing Documents, and in the Original Financing Resolution and this Resolution, are hereby confirmed and approved. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Financing Documents with any changes, insertions and omissions therein as may be approved the Director, such approval to be conclusively evidenced by such execution and delivery of the Financing Documents. The Director is hereby authorized to negotiate and execute an agreement with SunTrust which eliminates the requirement for an Escrow Agreement or Escrow Agent. The Director, Deputy Director, Treasurer, and Secretary of the Service is each hereby authorized to affix the official seal of the Service to the Financing Documents and attest the same.
4. The Director 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, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, and the Financing Documents.
5. The undersigned certify that Resolution No. 02-04-1R has not been repealed or amended, except as provided in this Resolution, and remains in full force and effect. The undersigned further certify that this Resolution has not been repealed or amended and remains in full force and effect.
6. The execution by the Director of the Service, or any other officer of the Service, of any document authorized herein to be executed by the Director or other officer shall constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Board.

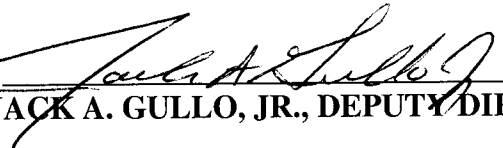
7. This Resolution shall take effect immediately upon its adoption.

ADOPTED, this 19th day of December, 2002.

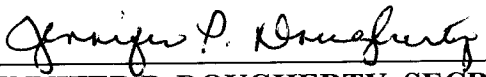
SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES W. PECK, DIRECTOR

BY: 
JACK A. GULLO, JR., DEPUTY DIRECTOR

BY: 
KENNETH A. HOWARTH, TREASURER

BY: 
JENNIFER P. DOUGHERTY, SECRETARY