

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

(07-01-1R)

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 project reserve funds; 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 vehicles 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 vehicles (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 Four Hundred Fifty-six Thousand Dollars (\$456,000.00), 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 Service projects, including, without limitation, the Prince George's County Western Branch Yard Waste Composting project; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.50%; (d) the use of interfund borrowing, as needed, but only on 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.

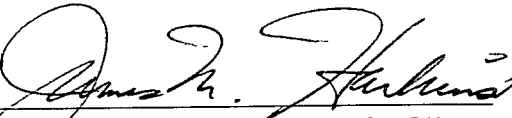
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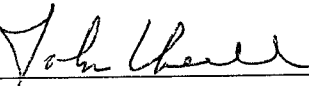
5. This Resolution shall take effect immediately.

ADOPTED, this 22nd day of January, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, SECRETARY

CAPITAL EQUIPMENT EXPENDITURES
(07-01-1R)

| <u>No.</u> | <u>Description</u> | <u>Model</u> | <u>Estimated Cost</u> |
|------------|-----------------------|--------------|-----------------------------|
| 1 | Walking Floor Trailer | East | \$ 43,000.00 |
| 1 | Windrow Turner | Scarab | \$ 310,000.00 |
| 1 | Water Truck | Rosco | \$ 103,000.00 |
| | | Total | <u>\$ 456,000.00</u> |

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(07-01-2R)

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 project reserve funds; 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 vehicles 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 vehicles (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 Thirty Thousand Dollars (\$30,000.00), 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 Service projects, including, without limitation, the Dundalk Marine Terminal and Hawkins Point projects; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.50%; (d) the use of interfund borrowing, as needed, but only on 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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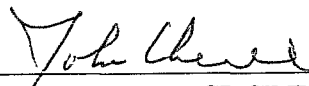
5. This Resolution shall take effect immediately.

ADOPTED, this 22nd day of January, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, SECRETARY

CAPITAL EQUIPMENT EXPENDITURES
(07-01-2R)

| <u>No.</u> | <u>Description</u> | <u>Model</u> | <u>Estimated Cost</u> |
|------------|--------------------|--------------|----------------------------|
| 1 | TL 80A Tractor | ----- | \$ 30,000.00 |
| | | Total | <u>\$ 30,000.00</u> |

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
07-03-1R

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.

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:

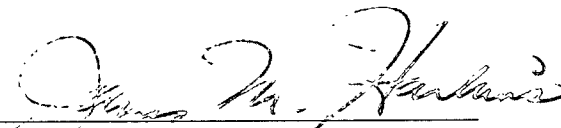
1. In addition to the duties and responsibilities set forth in N.R. Section 3-103(c), the Deputy Director shall have such other duties and responsibilities as may be assigned by the Director or the Board.
2. For performance of the Deputy Director's duties and responsibilities, the Deputy Director shall be paid a salary of \$ 145,000 per annum.
3. Except as otherwise authorized by the Board, 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. Resolution 03-08-1R, adopted by the Board on August 14, 2003, is hereby repealed.

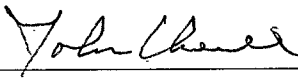
5. This Resolution shall take effect immediately.

ADOPTED, this 26th day of March, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, SECRETARY

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
07-04-1R**

A RESOLUTION

Modifying the per diem compensation paid to certain members of the Board of Directors of the Maryland Environmental Service ("Service").

R E C I T A L S

Section 3-103(b) of the Natural Resources Article of the Annotated Code of Maryland (Maryland Environmental Service Act, or "Act") provides that there shall be nine members of the Board of Directors of the Service ("Board"). Four of the Board members are the officers of the Service. Three of the Board members must be from the public sector in the State in positions responsible for water, wastewater, or solid waste management. The remaining two members must be from the private sector in the State with technical, financial, development, or legal experience related to water, wastewater, or solid waste management. Section 3-103(b)(5)(i) provides that "those members of the Board not already holding public office shall receive from the Service (i) Per diem compensation as established by the Board." In recognition of the substantial time the Board members devote to the Service, the Board has determined that an increase in the per diem compensation should be made.

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

1. Pursuant to Md. Natural Resources Code Annotated Section 3-103(b)(5)(i), the per diem compensation to be paid to those members of the Board who do not hold a public office shall be \$500.
2. This Resolution shall take effect immediately. However, in accordance with Article III, Section 35 of the Constitution of Maryland, the per diem compensation established in this Resolution shall only be paid to those members of the Board who are appointed and qualify after the effective date of this Resolution.

ADOPTED, this 23rd day of April, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 07-04-2R

A RESOLUTION AUTHORIZING

The issuance, sale, execution and delivery by the Maryland Environmental Service (the "Service") of a general obligation note, the note to be designated Maryland Environmental Service General Obligation Note, Series 2007A (Taxable) (the "Note") in a principal amount not to exceed One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00), 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 (2005 Replacement Volume, 2006 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, and (ii) 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 December 19, 2002, the Board of Directors of the Service adopted Resolution No. 02-12-4R (the "Refinancing Resolution"). The Refinancing Resolution authorized the Service to execute and deliver, *inter alia*, an Amended and Restated Master Lease with SunTrust Leasing Corporation, an Equipment Schedule No. 1, and an Amended and Restated Escrow Agreement, to prepare and equip a scrap tire recycling facility located in Halethorpe, Maryland ("Project"). In furtherance of the Refinancing Resolution, the Service implemented the Project and procured, installed, and has operated scrap tire recycling equipment.

The Service now intends to retire the Amended and Restated Master Lease by paying to the Lessor, from the proceeds of the Note and other funds available to the Service, all amounts due pursuant to the Amended and Restated Master Lease.

The Service considers all the 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 to borrow money and incur indebtedness in accordance with the terms and conditions of the Note in substantially the form presented to this meeting and incorporated in this Resolution, in an amount not to exceed One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00), for a term not to exceed twenty-seven (27) months, and at an interest rate not to exceed Five and Seventy-eight-hundredths Percent (5.78%) per annum, and that such acts are in the best interests of the Service. A copy of the form of the Note is attached hereto as Exhibit "1".
3. The Note attached hereto as Exhibit "1" 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 Note 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 Note by the Director of the Service shall be conclusive evidence of the approval by the Service of all changes in the form of the Note and of the due execution of the Note by the Service. The Director of the Service is expressly authorized to execute and deliver from time to time such amendments to the Note as shall be deemed necessary or appropriate by the Director to cure any defect or ambiguity in the Note, or to add any provision thereto beneficial to the Service.
4. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other acts 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 terms and conditions of the Note.
5. 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.
6. This Resolution shall take effect immediately upon its adoption.

ADOPTED, this 23rd day of April, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH C. ZIMMERMAN, TREASURER

**UNITED STATES OF AMERICA
STATE OF MARYLAND**

No. R- 1 MARYLAND ENVIRONMENTAL SERVICE

\$1,650,000.00

**GENERAL OBLIGATION NOTE
SERIES 2007A (TAXABLE)**

The MARYLAND ENVIRONMENTAL SERVICE (the "Issuer"), a body politic and corporate and an instrumentality of the State of Maryland (the "State"), for value received, acknowledges itself indebted and promises to pay to Bank of America, N.A. (the "Bank"), as registered owner of this Note or any registered assigns (the person who is registered as owner of this Note on the Note register maintained by the Note Registrar, the "Registered Owner"), the principal amount of ONE MILLION, SIX HUNDRED FIFTY THOUSAND DOLLARS (\$1,650,000.00) and to pay interest on the principal amount of this Note at a rate per annum equal to 5.78%. Interest shall be computed on the basis of a year consisting of 360 days with 12 months consisting of 30 days, beginning April __, 2007. This Note is payable in an aggregate amount of \$1,856,899.92, consisting of the following: (i) an initial interest payment of \$16,159.92 is due on June 30, 2007; (ii) seven additional quarterly payments of interest in the amount of \$23,842.50 per payment, payable beginning September 30, 2007, and then on each March 31, June 30, September 30, and December 31 of each year until and including March 31, 2009; and (iii) a final payment installment payable on June 30, 2009, in an amount equal to all accrued and unpaid principal and interest due and owing on this Note (notwithstanding the amount set forth as payable on such date pursuant to the Payment Schedule), as detailed in the attached Payment Schedule (the "Payment Schedule"). Each date upon which a payment is due shall be known as a "Payment Date."

Both principal of and interest on this Note are payable in lawful money of the United States of America. The principal of and interest on this Note are payable by check or by wire transfer mailed or sent to the Registered Owner hereof without presentation and surrender except for the final payment of principal and interest which shall be payable upon presentation and surrender hereof at the office of the Secretary of the Issuer, as Note Registrar. This Note shall mature on June 30, 2009.

The holder of this Note shall be required to give the Issuer at least fifteen (15) days' prior written notice of each principal or interest payment due; but failure to give any such notice shall not relieve the Issuer of its obligation to make timely payments on this Note. If any Payment Date is a day on which the Issuer or banks in the State and/or the state in which the holder of this Note is located are closed, the Issuer will not be required to make payment until the next succeeding business day, and no interest will accrue on such payment in the intervening period.

This Note may be prepaid only in accordance with the provisions of this paragraph. The Issuer shall have the option to prepay its obligations under this Note in whole or in part (the "Option") on any date. The Issuer shall give notice (the "Notice") to the Registered Owner of its intention to exercise this Option not less than fifteen (15) days prior to the date on which the Option will be exercised (the

“Redemption Date”) and shall pay to the Registered Owner not later than such Redemption Date an amount equal to the principal amount of this Note to be redeemed, plus accrued interest thereon to the Redemption Date. In the event that such amounts are not received by the Registered Owner on such Redemption Date, such notice by the Issuer of its intention to exercise the Option shall be void and this Note shall continue in full force and effect.

The Issuer agrees to deliver its annual financial statements to the Bank within 270 days of the Issuer’s fiscal year end, in form and content acceptable to the Bank in its sole discretion. Such financial statements shall be audited by a certified public accountant satisfactory to the Bank and shall be certified as true and correct by a duly authorized officer of the Issuer.

A breach of or default under the terms, covenants, or conditions of this Note or of any agreement, loan, lease, guaranty, or other document evidencing, securing or otherwise documenting any other loan, lease, guaranty or other obligation of the Issuer with the Registered Owner, shall constitute a default hereunder (“Default”), and upon occurrence of such Default, this Note, without any notice to the Issuer or any other act by the Registered Owner, shall become immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer. In addition, upon the occurrence of a Default, the Issuer shall pay any and all attorneys’ fees and expenses incurred by the Registered Owner in enforcing any of its rights or remedies hereunder.

This Note has been duly authorized by the Resolution (defined below) and is issued for the purpose of refinancing portions of outstanding debt issued to finance a tire recycling facility in Baltimore County. The Note is a general obligation of the Issuer and the full faith and credit of the Issuer are irrevocably pledged for the payment of the principal of and premium, if any, and interest on this Note in accordance with its terms, subject only to any agreement by the Issuer with the holders of particular bonds or notes pledging any of the Issuer’s particular receipts and revenues to the payment of such bonds or notes. Unless paid from other sources, the principal and interest will be payable from the general funds of the Issuer and the Issuer has promised, subject to the provisions of the Act (as hereinafter defined) that limit the amount of revenues that may be raised in any given year, to raise revenues in sufficient amounts to pay the principal of and interest on this Note.

Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on this Note. Neither the Issuer, the State nor any political subdivision thereof is obligated to pay this Note or the interest thereon except from revenues or other money of the Issuer available therefor. The issuance of this Note does not directly or indirectly or contingently obligate, morally or otherwise, the State or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriation for its payment. The Issuer has no taxing power.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on this Note or for any claims based thereon against any member or other officer of the Issuer or any person executing this Note, all such liability, if any, being expressly waived and released by the Registered Owner of this Note by the acceptance of this Note.

This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State, particularly the Maryland Environmental Service Act (being Sections 3-101 through 3-131, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act")) and Resolution No. [07-__-__] adopted by the Board of Directors of the Issuer on April 23, 2007 (the "Resolution").

This Note may be transferred only by an assignment duly executed by the Registered Owner hereof or such owner's attorney or legal representative in a form satisfactory to the Note Registrar. Such transfer shall be made in the registration books kept by the Note Registrar upon presentation and surrender hereof and the Issuer shall execute, and the Note Registrar shall deliver in exchange, a new Note having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered in such name as requested by the then Registered Owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the Issuer, except that the Note Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Issuer shall initially act as its own Note Registrar and paying agent. The Issuer may designate a successor Note Registrar and/or paying agent, provided, that written notice specifying the name and location of the principal office of any such successor(s) shall be given to the Registered Owner of this Note. Upon registration of transfer of this Note, the Note Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Note Registrar and/or the paying agent.

The Note Registrar shall treat the Registered Owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the State of Maryland to happen, exist or be performed precedent to the issuance of this Note have happened, exist, or have been performed in due time, form, and manner as so required and that the indebtedness evidenced by this Note is within every debt and other limit prescribed by the Constitution and statutes of the State of Maryland. This Note shall be governed by the laws of the State of Maryland.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name by the Director of the Issuer, its seal to be affixed and attested by the Treasurer of the Issuer, all as of this ___ day of April, 2007.

MARYLAND ENVIRONMENTAL SERVICE

By _____

Name: James R. Harkins
Title: Director

[SEAL]
ATTEST:



Joseph C. Zimmerman
Treasurer

4509611.2

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE. OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books kept for registration of said Note, with full power of substitution in the premises.

Dated _____

Signature Guaranteed:

Registered Owner

(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Note in every particular, without alteration or change.)

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association which is a member of a medallion program approved by The Securities Association, Inc.)

Payment Schedule

| | Date | Payment | Interest | Principal | Balance |
|--------------|------------|--------------|------------|--------------|--------------|
| Loan | 04/30/2007 | | | | 1,650,000.00 |
| 1 | 06/30/2007 | 16,159.92 | 16,159.92 | 0.00 | 1,650,000.00 |
| 2 | 09/30/2007 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 3 | 12/31/2007 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 2007 Totals | | 63,844.92 | 63,844.92 | 0.00 | |
| 4 | 03/31/2008 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 5 | 06/30/2008 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 6 | 09/30/2008 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 7 | 12/31/2008 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 2008 Totals | | 95,370.00 | 95,370.00 | 0.00 | |
| 8 | 03/31/2009 | 23,842.50 | 23,842.50 | 0.00 | 1,650,000.00 |
| 9 | 06/30/2009 | 1,673,842.50 | 23,842.50 | 1,650,000.00 | 0.00 |
| 2009 Totals | | 1,697,685.00 | 47,685.00 | 1,650,000.00 | |
| Grand Totals | | 1,856,899.92 | 206,899.92 | 1,650,000.00 | |

\4509611.4

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 07-04-3R

A RESOLUTION AUTHORIZING

The issuance, sale, execution and delivery by the Maryland Environmental Service (the "Service") of a general obligation bond, the bond to be designated Maryland Environmental Service General Obligation Bond, Series 2007A (Bank Qualified/Tax Exempt) (the "Bond") in a principal amount not to exceed Six Hundred Thousand Dollars (\$600,000.00), 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 (2005 Replacement Volume, 2006 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, and (ii) 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 October 26, 2006, the Board of Directors of the Service adopted Resolution 06-10-1R ("Notice of Intent Resolution"). The Notice of Intent Resolution stated the official intent and reasonable expectation of the Service to use the proceeds of tax exempt bonds and other debt obligations to reimburse itself for expenditures associated with acquisition, design, engineering, permitting, construction, equipping, inspection, and financing of a parcel of real property in Talbot County, Maryland, known as 21548 Chicken Point Road, Tilghman (the "Property"). On November 8, 2006, the Service completed the purchase of the Property. The Service now intends to reimburse itself in accordance with the

Notice of Intent Resolution for certain costs it has incurred, or will incur, related to acquiring and otherwise improving the Property.

The Service considers all the 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 acquisition of, and improvement to the Property are in the best interest of the Service.
3. The Board hereby finds and determines to borrow money and incur indebtedness in accordance with the terms and conditions of the Bond in substantially the form presented to this meeting and incorporated in this Resolution, in an amount not to exceed Six Hundred Thousand Dollars (\$600,000.00), for a term not to exceed fifteen (15) years, and at an interest rate not to exceed Four and Five-hundredths Percent (4.05%) per annum, and that such acts are in the best interests of the Service. A copy of the form of the Bond is attached hereto as Exhibit "1".
4. The Bond attached hereto as Exhibit "1" 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 Bond 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 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 Bond and of the due execution of 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 Bond as shall be deemed necessary or appropriate by the Director to cure any defect or ambiguity in the Bond, or to add any provision thereto beneficial to the Service.
5. The Service hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code") and the Income Tax Regulations thereunder, in order to preserve the status of the interest on the Bond as excluded from gross income for Federal income tax purposes. Without limiting the generality of the foregoing covenant, the Service hereby covenants to comply with the provisions of the Non-Arbitrage Certificate and Tax


Covenants executed and delivered by the Service in connection with the issuance of the Bond.

6. Pursuant to Section 265(b) of the Code, the Service hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.
7. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other acts 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 terms and conditions of the Bond.
8. 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.
9. This Resolution shall take effect immediately upon its adoption.

ADOPTED, this 23rd day of April, 2007.

**SEAL
MARYLAND ENVIRONMENTAL SERVICE**

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH C. ZIMMERMAN, TREASURER

EXHIBIT "1"

**UNITED STATES OF AMERICA
STATE OF MARYLAND**

No. R- 1 MARYLAND ENVIRONMENTAL SERVICE \$600,000.00

**GENERAL OBLIGATION BOND
SERIES 2007A (BANK QUALIFIED/TAX-EXEMPT)**

The MARYLAND ENVIRONMENTAL SERVICE (the "Issuer"), a body politic and corporate and an instrumentality of the State of Maryland (the "State"), for value received, acknowledges itself indebted and promises to pay to Bank of America, N.A. (the "Bank"), as registered owner of this Bond, or any registered assigns (the person who is registered as owner of this Bond on the bond register maintained by the Bond Registrar, the "Registered Owner"), the principal amount of Six Hundred Thousand Dollars (\$600,000.00) and to pay interest on the principal amount of this Bond at a rate per annum equal to 4.05%. Interest shall be computed on the basis of a year consisting of 360 days with 12 months consisting of 30 days, beginning April __, 2007. This Bond is payable in the aggregate amount of \$800,868.81. Payments shall be made in 60 quarterly payments of principal and interest, payable on March 31, June 30, September 30, and December 31 of each year (each a "Payment Date"), beginning June 30, 2007, as detailed in the attached Payment Schedule (the "Payment Schedule"), with the final regularly scheduled payment installment payable on March 31, 2022, in an amount equal to all accrued and unpaid principal and interest due and owing on this Bond (notwithstanding the amount set forth as payable on such date pursuant to the Payment Schedule).

Both principal of and interest on this Bond are payable in lawful money of the United States of America. The principal of and interest on this Bond are payable by check or by wire transfer mailed or sent to the Registered Owner hereof without presentation and surrender except for the final payment of principal and interest which shall be payable upon presentation and surrender hereof at the office of the Secretary of the Issuer, as Bond Registrar. This Bond shall mature on March 31, 2022.

The holder of this Bond shall be required to give the Issuer at least fifteen (15) days' prior written notice of each principal or interest payment due; but failure to give any such notice shall not relieve the Issuer of its obligation to make timely payments on this Bond. If any Payment Date is a day on which the Issuer or banks in the State and/or

the state in which the holder of this Bond is located are closed, the Issuer will not be required to make payment until the next succeeding business day, and no interest will accrue on such payment in the intervening period.

This Bond may be prepaid only in accordance with the provisions of this paragraph. The Issuer shall have the option to prepay its obligations under this Bond in whole or in part ("the Option") on any date (i) on or after April 1, 2014, through March 31, 2019, inclusive, at a redemption price equal to 101% of the principal amount of this Bond to be redeemed, plus interest accrued thereon to the Redemption Date (defined below) and (ii) on or after April 1, 2019, at a redemption price equal to 100% of the principal amount of this Bond to be redeemed, plus interest accrued thereon to the Redemption Date. The Issuer shall give notice (the "Notice") to the Registered Owner of its intention to exercise this Option not less than fifteen (15) days prior to the date on which the Option will be exercised (the "Redemption Date") and shall pay to the Registered Owner not later than such Redemption Date the redemption amount set forth above. In the event that such amounts are not received by the Registered Owner on such Redemption Date, such notice by the Issuer of its intention to exercise the Option shall be void and this Bond shall continue in full force and effect.

The Issuer agrees to deliver its annual financial statements to the Bank within 270 days of the Issuer's fiscal year end, in form and content acceptable to the Bank in its sole discretion. Such financial statements shall be audited by a certified public accountant satisfactory to the Bank and shall be certified as true and correct by a duly authorized officer of the Issuer.

A breach of or default under the terms, covenants, or conditions of this Bond or of any agreement, loan, lease, guaranty, or other document evidencing, securing or otherwise documenting any other loan, lease, guaranty or other obligation of the Issuer with the Registered Owner, shall constitute a default hereunder ("Default"), and upon occurrence of such Default, this Bond, without any notice to the Issuer or any other act by the Registered Owner, shall become immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer. In addition, upon the occurrence of a Default, the Issuer shall pay any and all attorneys' fees and expenses incurred by the Registered Owner in enforcing any of its rights or remedies hereunder.

This Bond has been duly authorized by the Resolution (defined below) and is issued for the purpose of providing funds to finance or reimburse costs of the acquisition of property and construction of improvements to be used in connection with the environmental restoration of an island located in the Chesapeake Bay. This Bond is a

general obligation of the Issuer and the full faith and credit of the Issuer are irrevocably pledged for the payment of the principal of and premium, if any, and interest on this Bond in accordance with its terms, subject only to any agreement by the Issuer with the holders of particular bonds or notes pledging any of the Issuer's particular receipts and revenues to the payment of such bonds or notes. Unless paid from other sources, the principal and interest will be payable from the general funds of the Issuer and the Issuer has promised, subject to the provisions of the Act (as hereinafter defined) that limit the amount of revenues that may be raised in any given year, to raise revenues in sufficient amounts to pay the principal of and interest on this Bond.

Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on this Bond. Neither the Issuer, the State nor any political subdivision thereof is obligated to pay this Bond or the interest thereon except from revenues or other money of the Issuer available therefor. The issuance of this Bond does not directly or indirectly or contingently obligate, morally or otherwise, the State or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriation for its payment. The Issuer has no taxing power.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on this Bond or for any claims based thereon against any member or other officer of the Issuer or any person executing this Bond, all such liability, if any, being expressly waived and released by the Registered Owner of this Bond by the acceptance of this Bond.

This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State, particularly the Maryland Environmental Service Act (being Sections 3-101 through 3-131, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act")) and Resolution No. [07-__-__] adopted by the Board of Directors of the Issuer on April 23, 2007 (the "Resolution").

This Bond is hereby designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond may be transferred only by an assignment duly executed by the Registered Owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon presentation and surrender hereof and the Issuer shall execute, and the Bond Registrar shall deliver in exchange, a new Bond having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same

rate, and registered in such name as requested by the then Registered Owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the Issuer, except that the Bond Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Issuer shall initially act as its own Bond Registrar and paying agent. The Issuer may designate a successor Bond Registrar and/or paying agent, provided, that written notice specifying the name and location of the principal office of any such successor(s) shall be given to the Registered Owner of this Bond. Upon registration of transfer of this Bond, the Bond Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Bond Registrar and/or the paying agent.

The Bond Registrar shall treat the Registered Owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the State of Maryland to happen, exist, or be performed precedent to the issuance of this Bond have happened, exist, or have been performed in due time, form, and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the State of Maryland. This Bond shall be governed by the laws of the State of Maryland.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the Director of the Issuer, its seal to be affixed and attested by the Treasurer of the Issuer, all as of this ____ day of April, 2007.

MARYLAND ENVIRONMENTAL SERVICE

By _____

Name: James M. Harkins

Title: Director

[SEAL]

ATTEST:



Joseph C. Zimmerman

Treasurer

4509033.4

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE. OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

Dated _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association which is a member of a medallion program approved by The Securities Association, Inc.)

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

Payment Schedule

| Date | Principal | Coupon | Interest | Total P+I |
|------------|-----------|--------|----------|-----------|
| 06/30/2007 | 9,231.44 | 4.050% | 4,050.00 | 13,281.44 |
| 09/30/2007 | 7,367.41 | 4.050% | 5,981.53 | 13,348.94 |
| 12/31/2007 | 7,442.00 | 4.050% | 5,906.94 | 13,348.94 |
| 03/31/2008 | 7,517.35 | 4.050% | 5,831.59 | 13,348.94 |
| <hr/> | | | | |
| 06/30/2008 | 7,593.47 | 4.050% | 5,755.47 | 13,348.94 |
| 09/30/2008 | 7,670.35 | 4.050% | 5,678.59 | 13,348.94 |
| 12/31/2008 | 7,748.01 | 4.050% | 5,600.93 | 13,348.94 |
| 03/31/2009 | 7,826.46 | 4.050% | 5,522.48 | 13,348.94 |
| 06/30/2009 | 7,905.70 | 4.050% | 5,443.24 | 13,348.94 |
| <hr/> | | | | |
| 09/30/2009 | 7,985.75 | 4.050% | 5,363.19 | 13,348.94 |
| 12/31/2009 | 8,066.61 | 4.050% | 5,282.33 | 13,348.94 |
| 03/31/2010 | 8,148.28 | 4.050% | 5,200.66 | 13,348.94 |
| 06/30/2010 | 8,230.78 | 4.050% | 5,118.16 | 13,348.94 |
| 09/30/2010 | 8,314.12 | 4.050% | 5,034.82 | 13,348.94 |
| <hr/> | | | | |
| 12/31/2010 | 8,398.30 | 4.050% | 4,950.64 | 13,348.94 |
| 03/31/2011 | 8,483.33 | 4.050% | 4,865.61 | 13,348.94 |
| 06/30/2011 | 8,569.22 | 4.050% | 4,779.72 | 13,348.94 |
| 09/30/2011 | 8,655.99 | 4.050% | 4,692.95 | 13,348.94 |
| 12/31/2011 | 8,743.63 | 4.050% | 4,605.31 | 13,348.94 |
| <hr/> | | | | |
| 03/31/2012 | 8,832.16 | 4.050% | 4,516.78 | 13,348.94 |
| 06/30/2012 | 8,921.58 | 4.050% | 4,427.36 | 13,348.94 |
| 09/30/2012 | 9,011.92 | 4.050% | 4,337.02 | 13,348.94 |
| 12/31/2012 | 9,103.16 | 4.050% | 4,245.78 | 13,348.94 |
| 03/31/2013 | 9,195.33 | 4.050% | 4,153.61 | 13,348.94 |
| <hr/> | | | | |
| 06/30/2013 | 9,288.43 | 4.050% | 4,060.51 | 13,348.94 |
| 09/30/2013 | 9,382.48 | 4.050% | 3,966.46 | 13,348.94 |

| | | | | |
|------------|-----------|--------|----------|-----------|
| 12/31/2013 | 9,477.48 | 4.050% | 3,871.47 | 13,348.95 |
| 03/31/2014 | 9,573.44 | 4.050% | 3,775.51 | 13,348.95 |
| 06/30/2014 | 9,670.37 | 4.050% | 3,678.57 | 13,348.94 |
| 09/30/2014 | 9,768.28 | 4.050% | 3,580.66 | 13,348.94 |
| 12/31/2014 | 9,867.18 | 4.050% | 3,481.75 | 13,348.93 |
| 03/31/2015 | 9,967.09 | 4.050% | 3,381.85 | 13,348.94 |
| 06/30/2015 | 10,068.01 | 4.050% | 3,280.93 | 13,348.94 |
| 09/30/2015 | 10,169.94 | 4.050% | 3,179.00 | 13,348.94 |
| 12/31/2015 | 10,272.91 | 4.050% | 3,076.02 | 13,348.93 |
| 03/31/2016 | 10,376.93 | 4.050% | 2,972.01 | 13,348.94 |
| 06/30/2016 | 10,481.99 | 4.050% | 2,866.95 | 13,348.94 |
| 09/30/2016 | 10,588.12 | 4.050% | 2,760.82 | 13,348.94 |
| 12/31/2016 | 10,695.33 | 4.050% | 2,653.61 | 13,348.94 |
| 03/31/2017 | 10,803.62 | 4.050% | 2,545.32 | 13,348.94 |
| 06/30/2017 | 10,913.01 | 4.050% | 2,435.93 | 13,348.94 |
| 09/30/2017 | 11,023.50 | 4.050% | 2,325.44 | 13,348.94 |
| 12/31/2017 | 11,135.11 | 4.050% | 2,213.83 | 13,348.94 |
| 03/31/2018 | 11,247.86 | 4.050% | 2,101.08 | 13,348.94 |
| 06/30/2018 | 11,361.74 | 4.050% | 1,987.20 | 13,348.94 |
| 09/30/2018 | 11,476.78 | 4.050% | 1,872.16 | 13,348.94 |
| 12/31/2018 | 11,592.98 | 4.050% | 1,755.96 | 13,348.94 |
| 03/31/2019 | 11,710.36 | 4.050% | 1,638.58 | 13,348.94 |
| 06/30/2019 | 11,828.93 | 4.050% | 1,520.01 | 13,348.94 |
| 09/30/2019 | 11,948.70 | 4.050% | 1,400.24 | 13,348.94 |
| 12/31/2019 | 12,069.68 | 4.050% | 1,279.26 | 13,348.94 |
| 03/31/2020 | 12,191.88 | 4.050% | 1,157.06 | 13,348.94 |
| 06/30/2020 | 12,315.32 | 4.050% | 1,033.62 | 13,348.94 |
| 09/30/2020 | 12,440.02 | 4.050% | 908.92 | 13,348.94 |
| 12/31/2020 | 12,565.97 | 4.050% | 782.96 | 13,348.93 |

| | | | | |
|--------------|---------------------|----------|---------------------|---------------------|
| 03/31/2021 | 12,693.20 | 4.050% | 655.73 | 13,348.93 |
| 06/30/2021 | 12,821.72 | 4.050% | 527.22 | 13,348.94 |
| 09/30/2021 | 12,951.54 | 4.050% | 397.40 | 13,348.94 |
| 12/31/2021 | 13,082.68 | 4.050% | 266.26 | 13,348.94 |
| <hr/> | | | | |
| 03/31/2022 | 13,215.07 | 4.050% | 133.80 | 13,348.87 |
| Total | \$600,000.00 | - | \$200,868.81 | \$800,868.81 |

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(07-04-4R)

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 project reserve funds; 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 vehicles 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 vehicles (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 One Million Five Hundred Thousand Dollars (\$1,500,000.00), 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 Service projects; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.00%; (d) the use of interfund borrowing, as needed, but only on 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 23rd day of April, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, Director

BY: 
JOHN O'NEILL, Deputy Director

**CAPITAL EQUIPMENT EXPENDITURES
(07-04-4R)**

| <u>No.</u> | <u>Description/Model</u> | <u>Estimated Cost</u> |
|------------|------------------------------|-----------------------|
| 2 | Honda Civic Hybrid | \$ 42,950.00 |
| 1 | Chevy Colorado | \$ 17,508.00 |
| 1 | Ford Escape- Hybrid | \$ 25,276.00 |
| 25 | Ford F-150 Pickup Truck | \$ 436,472.00 |
| 4 | Ford F-150 Flex Fuel/Ethanol | \$ 68,577.00 |
| 4 | Ford F-250 Pickup Truck | \$ 100,260.00 |
| 1 | Ford F-350 Utility Truck | \$ 60,666.00 |
| 5 | Jeep Liberty | \$ 93,380.00 |
| 2 | Chevy Malibu | \$ 27,792.00 |
| 5 | Ford Ranger | \$ 87,719.15 |
| 1 | Ford Explorer | \$ 25,402.45 |
| 1 | Dodge Caravan – Flex Fuel | \$ 15,155.00 |
| 2 | Chevy Silverado - 1500 | \$ 39,026.27 |
| 1 | Ford F-450 Bucket Truck | \$ 65,288.00 |
| 3 | Ford F-450 truck | \$ 126,903.00 |
| 1 | Chevy Trailblazer | \$ 19,909.00 |
| 1 | Chevy Tahoe SUV – Flex Fuel | \$ 40,681.47 |
| 1 | Ford F-550 Service Crane | \$ 90,900.00 |
| | Other | <u>\$ 116,134.66</u> |
| | Total | \$1,500,000.00 |

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 07-05-1R

A RESOLUTION ADOPTING

A Compliance Focused Environmental Management System for the Maryland Environmental Service, and providing generally for other matters in connection therewith.

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 (2005 Replacement Volume, 2006 Supplement), as amended to date (the "Act"). In adopting the Act, the General Assembly expressly directed the Service to "provide water supply and waste purification and disposal services in compliance with State laws, regulations, and policies governing air, land, and water pollution to public and private instrumentalities . . .". The Act further authorizes the Service to adopt bylaws, rules, regulations, policies, and procedures for the regulation of its affairs and conduct of its business.

The Service owns, operates or supervises more than 100 environmental facilities and projects. Nearly all of the facilities and projects are subject to a variety of environmental statutes, regulations, and permits ("Environmental Laws"). The failure of an employee of the Service to strictly comply with any of these Environmental Laws could result in civil penalties being imposed against the Service by a court of law, the U.S. Environmental Protection Agency, the Maryland Department of the Environment, or other government agencies and criminal penalties being imposed against Service employees. Additionally, some environmental statutes permit citizens to bring lawsuits against an alleged violator.

In order for management of the Service to ensure that all Service employees comply with Environmental Laws, the Board recognizes that the Service must have a comprehensive Compliance Focused Environmental Management System (the "System") in place that promotes environmental awareness and responsibility by its employees. The Board intends that the System should be a systematic effort of the Service to prevent, detect, deter, and correct violations of Environmental Laws.

The Board considers the implementation of the System, together with 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 adopts the following Statement of Policy:

It shall be the Policy of MES to:

- Encourage and promote environmental awareness and responsibility.
 - Ensure that each and every one of our directors, officers and employees complies with all applicable federal, state and local laws, regulations and permits by implementing an environmental compliance program to prevent, detect, and deter violations and criminal conduct.
 - Establish our own policies and standards that meet or exceed the minimum legal requirements for environmental compliance.
 - Work with clients, contractors, regulators, neighbors and other partners to meet or exceed environmental requirements.
 - Work continuously to improve our Environmental Compliance Program We will measure, audit and take corrective action to sustain or improve our environmental performance.
 - Implement measures to conserve energy and raw materials including fuel and electricity.
 - Actively seek out renewable energy projects at facilities operated by MES.
 - Establish continual improvement processes to prevent pollution and ensure compliance with regulatory and other requirements. MES will raise awareness among staff, contractors, vendors, and consultants on the importance of proactive environmental management.
 - Encourage recycling, implement strategies for continually reducing waste from our activities and ensure compliance with relevant environmental legislation and regulations, as well as with other requirements to which MES has subscribed.
3. As a step toward implementing the above Policy, the attached document labeled Exhibit "A" and entitled "Maryland Environmental Service Environmental Management System" is hereby adopted by the Service. The Director of the Service

is hereby authorized to implement the System. The System shall supplement any Environmental Compliance Program previously adopted by the Board.

4. The System shall constitute an official policy of the Service. All employees of the Service will conduct themselves in strict accordance with the System. An employee who fails to comply with the System is subject to disciplinary action, including termination of employment.
5. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution.
6. This Resolution shall take effect immediately upon its adoption and shall be applied prospectively from the date of its adoption.

ADOPTED, this 23th day of April 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 

JAMES M. HARKINS, DIRECTOR

BY: 

JOHN J. O'NEILL, JR., DEPUTY DIRECTOR

BY: 

JOSEPH ZIMMERMAN, TREASURER

BY: 

TALMADGE E. SIMONS

BY: *Joseph F. Snee, Jr.*
JOSEPH F. SNEE, JR.

BY: *William B. Addison, Jr.*
WILLIAM B. C. ADDISON, JR.

BY: *Leslie Jackson Jenkins*
LESLIE JACKSON JENKINS

BY: *Paul W. Comfort*
PAUL W. COMFORT

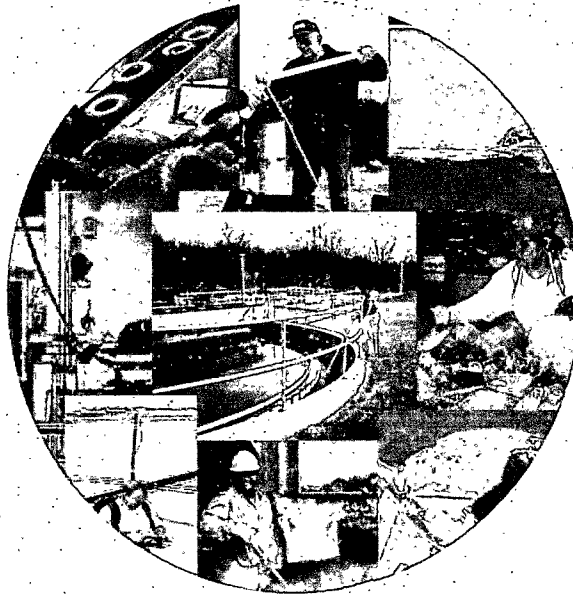
RECEIVED

MAY 25 2007
By Gessner, Snee,
Mahoney & Lutche, P.A.

EXHIBIT A



MARYLAND
ENVIRONMENTAL
SERVICE



**Environmental Management
System**

ENVIRONMENTAL MANAGEMENT SYSTEM

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Introduction

The following comprehensive Compliance-Focused Environmental Management System (CFEMS) is being developed, implemented, and maintained by the Maryland Environmental Service (MES) as a component of its overall environmental compliance program. This CFEMS draws upon the recommendations of the United States Environmental Protection Agency, the United States Department of Justice, the United States Sentencing Commission, ISO 14001, The Sarbanes-Oxley Act of 2002, Public Law 107-204 and other sources, as applied to the unique circumstances of MES. A central premise of these sources is that environmental compliance is the result of management systems, which foster compliance.

The Maryland Environmental Service is an agency of the State of Maryland. *Md. NATURAL RESOURCES Code Ann. § 3-101 et. seq.* (2005). The mission of the Maryland Environmental Service is to provide operational and technical services to enhance the environment for the benefit of the people of Maryland. MES is committed to environmental stewardship, responsibility and accountability. MES's environmental compliance program is a critical component of the MES core mission. This Compliance Focused Environmental Management System describes the essential management tools designed to achieve environmental compliance and improve the overall performance of MES.

MES is engaged in over 300 projects in three states, in a variety of operational environments and legal relationships. MES is involved in facilities and operations related to drinking water supply, wastewater treatment, solid waste management, storm water management, yard waste composting, materials recovery, scrap tire recycling, the beneficial use of dredging materials, the generation of electric power by cogeneration, and hazardous and industrial waste remediation.

This CFEMS covers all projects operated directly by MES or functionally under the control of MES, including MES Headquarters. All MES employees are individually responsible for compliance with the Environmental Management System and must adhere to the Standards of Conduct adopted by the Board of Directors. MES expects its contractors and partners to adhere to the principles and goals of this CFEMS.

1. Environmental Policy

The MES Environmental Policy Resolution is posted on the MES website and on the password protected MES intranet. This Policy Resolution serves as a guidance document for the MES environmental compliance program. Specifically, the Environmental Policy Resolution introduces the environmental compliance program, describes program development and implementation to include staffing, outlines the job functions of the designated Environmental Compliance staff, and details targeted employee training programs, and self-auditing program procedures.

This Policy Resolution clearly communicates MES management's commitment to achieving compliance with applicable federal, state, and local environmental statutes, regulations, enforceable agreements, and permits (hereafter, "environmental requirements") and continual improvement in environmental performance. The policy also confirms management's intent to provide adequate personnel and resources for the successful implementation of the CFEMS.

MES recognizes the paramount importance of having accurate information regarding environmental operations, discharges, releases and other environmental issues. Complete and accurate reporting on all such matters is the personal obligation of every MES employee. The Ethical Standards for all MES employees demand honesty and integrity of all reporting and asset management.

2. Organization, Personnel, and Oversight of CFEMS

Individual and Collective Responsibility

All Directors, officers and employees of MES are individually and collectively responsible for compliance with applicable laws and performing their duties in accordance with the CFEMS and the Ethical Standards adopted by the MES Board of Directors.

Board of Directors

The Board of Directors of MES will maintain familiarity with the CFEMS and exercise reasonable oversight with respect to its implementation and compliance with all legal requirements and Standards of Ethical Conduct.

Director

The Director of MES will provide adequate resources to implement the CFEMS Program. The Director will periodically (at least annually) report to the Board of Directors on the state of the CFEMS.

Group Executive Directors and Deputy Director

The Executive Directors of each division of MES (“Executive Directors”) and the Deputy Director will support the Chief of Compliance in implementing the CFEMS. The Executive Directors will also perform the duties specifically described in this CFEMS.

Chief of Environmental Compliance

The Chief of Environmental Compliance (“Chief of Compliance”) will be primarily responsible for developing, implementing and managing the CFEMS. The Chief of Compliance will report directly to the Deputy Director of MES. At least annually the Chief of Compliance will submit a report to the Board of Directors describing the functioning of the CFEMS.

Responsible Managers

Each facility or operation will have a designated responsible manager who will act as an environmental compliance supervisor (ECS) for that facility or operation. Depending on the size, complexity, location and needs of the operation,

the ECS may be a Group Director, or on site manager. The ECS will submit a report at least annually to the Chief of Compliance describing the effectiveness and deficiencies of the environmental compliance and ethics programs and make recommendations to improve compliance and ethics at MES.

MES will use facility and operation specific Standard Operating Procedures (SOPs), e-mail and interactive intranet and internet as a real time means of communicating environmental issues, information and training to all personnel, on-site service providers, and contractors, and for receiving and addressing compliance concerns.

3. Accountability and Responsibility

All MES employees, managers, on-site service providers, and contractors are responsible for environmental protection practices, assuring compliance, reporting non-compliance, emergency reporting to regulatory agencies, and corrective actions in their area(s) of responsibility.

Environmental Certification Form

All MES Operational Employees directly responsible for sample collection, sample measurements, analytical results, equipment calibrations and reporting requirements will be required to sign an Environmental Certification form at the start of their employment with MES and every 6 months thereafter. This form will confirm the importance of complying with all applicable federal, state, and local environmental laws and regulations to all MES operational employees. Further, this program attempts to highlight that all environmental permits and the associated required reports are legal documents, and as such, carry severe civil and criminal penalties for the failure to report accurate information and/or for the falsification of records.

Employees are required to read, sign, and date the Certification Form and return it to the appropriate Group Executive Director within 30 calendar days. The Group Directors then forward their employees' completed forms to the Chief of Environmental Compliance at headquarters. The Chief of Environmental Compliance collects and files all Certifications, ensuring that all required employees have signed the forms.

Incentive Programs

The Director and Board of Directors of MES will use existing and new employee incentive and award programs for managers and employees whose performance in accordance with, or recommendations for improvements in, this management system, compliance practices, policies, standards and procedures contributes significantly to the MES core mission.

Potential Consequences

The potential consequences for departure from specified operating procedures, or noncompliance with laws and regulations are significant. Individuals found to have engaged in conduct inconsistent this program are subject to termination, suspension, transfer, required attendance at remedial training, or

other sanction at the discretion of the Director. MES maintains its policy that employees found to have knowingly falsified records will be terminated.

MES will cooperate with law enforcement authorities in the legitimate enforcement of all federal, state and local laws. Individuals found to have intentionally violated the law will be terminated and referred to appropriate law enforcement authorities. Employees may also be subject to liability for civil/administrative penalties or criminal penalties including conviction and incarceration as a consequence of violations of laws.

4. Environmental Requirements

The Office of the Attorney General in coordination with the Chief of Compliance, and the Facility Managers, bear responsibility for identifying, interpreting, and effectively communicating environmental requirements to affected organization personnel, on-site service providers, and contractors, and then ensuring that facility activities conform to those requirements (i.e., ongoing compliance monitoring).

Primary Statutory and Regulatory Schemes

All MES facilities are subject to a variety of environmental laws and permits. Additionally, MES planning, design and purchasing activities must result in work products that comply with environmental laws. The environmental laws, which apply to various MES activities, include, but are not limited to, the following:

- The Clean Water Act, which includes the National Pollutant Discharge Elimination System (“NPDES”) Permit Program
- The Resource Conservation and Recovery Act (“RCRA”), which applies to both hazardous and municipal solid waste
- The Emergency Planning and Community Right-To-Know Act (“EPCRA”)
- Rivers and Harbors Act
- The Clean Air Act
- The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), including the Superfund Amendments and Reauthorization Act (“SARA”)
- The Toxic Substances and Control Act (“TSCA”)
- Hazardous Materials Transportation Act
- The Safe Drinking Water Act
- Maryland law related to tidal and nontidal wetlands
- Maryland Critical Areas Law
- Maryland Occupational Safety and Health Act
- Maryland law related to water appropriation
- Maryland law related to construction in flood plains
- Maryland law related to purchasing preferences for recyclable materials
- Pretreatment standards imposed by local governments for discharge of wastewater to municipal wastewater collection systems

Procedures for Permits and Approvals

Determination of Necessity of Permits or Approvals

Group Executive Directors (“Executive Directors”) in consultation with the Chief of Compliance and the Office of Attorney General (“OAG”), will determine whether a federal, state and /or local environmental permit is required for any existing or planned facility or operation. The Executive Directors shall advise the Chief of Compliance and the OAG of each such determination including, when applicable, the identification of each required permit.

Permit Application

Group Executive Directors shall prepare and furnish all required permit application forms to the Chief of Compliance and OAG for review and approval prior to submission to the appropriate governmental permitting authority. The Chief shall assure that the Agency maintains records of all applications.

Permit Policy

The MES shall maintain at all times a current inventory of all existing permits. The Chief of Compliance and the OAG shall monitor the need for renewal of all permits and shall initiate the renewal process in a timely manner. The Group Executive Directors shall prepare all required permit renewal forms and furnish them to the Chief of Compliance and OAG for review and approval prior to their timely submission to the appropriate governmental permitting authority.

Permit Compliance

Under the guidance of the Group Executive Directors, each facility (or type of facility) shall establish procedures for the appropriate review of any draft or final permit issued to the facility by a government permitting authority. The Chief of Compliance and the OAG shall review all drafts of final permits before MES provides comments to the permitting authority on the draft permit.

For a draft permit, the Group Executive Directors shall prepare any necessary comments for timely submission to the permitting authority. The Chief of Compliance and OAG shall approve all such comments prior to submission.

For a final permit, the Group Executive Directors shall review permit terms and conditions and determine what action, if any, must be taken to ensure compliance, including the need for an appeal challenging any of the permit terms or conditions, the need for regular or periodic monitoring of the permitted discharge, record-keeping requirements, and/or reporting requirements. Upon approval of the OAG, action determined to be necessary to ensure compliance with the permit terms and conditions shall be included in the facilities SOPs and implemented forthwith.

The Chief of Compliance and the Group Executive Directors shall monitor each facility's continuing compliance with the permit's terms and conditions as long as the permit remains in force and effect.

All persons involved in the compilation or analysis of data utilized in the preparation of a permit application, renewal or modification shall certify in writing that, to the best of their knowledge, information and belief, the data is accurate and complete. There is a continuing duty on the part of all employees to correct or modify submitted data if there develops reasonable grounds to believe that any submitted data is inaccurate or unreliable. Any corrections or modification of submitted data shall be reported immediately to the Chief of Compliance.

Permit Monitoring

The Group Executive Directors shall supervise and ensure the performance of all monitoring required by existing permits. All monitoring results shall be reported to the appropriate Group Executive Director for review. The appropriate Group Executive Director shall submit the monitoring results to the appropriate government permitting authority on a timely basis if required by permit or law. When any monitoring results indicate possible noncompliance, the appropriate Group Executive Director shall prepare a written report describing the nature of the possible noncompliance, the cause(s), if known, and any corrective action to be taken. The report shall be submitted to the OAG and Chief of Compliance. The Chief of Compliance shall then monitor the corrective action and prepare a written report certifying that the corrective action has been taken and reporting on its efficacy.

Permit Modifications

Each facility supervisor/manager shall notify the appropriate Group Executive Director of any changes or modifications in facility operations which affect or may affect compliance with a permit, or normal operation of the facility. The Group Executive Director, in cooperation with the Chief of Compliance, shall

determine whether the change or modification in facility operations affects the facility's continuing compliance with existing permits, and shall be responsible for initiating any appropriate action necessary to ensure continuing compliance with existing permits.

Managing Regulatory Change

The Office of the Attorney General in coordination with the Chief of Environmental Compliance shall monitor changes and trends in federal, state and local environmental regulations—as well as industry standards -- and advise affected MES facilities or operations of significant regulatory developments (i.e., regulatory “change management”). Changes will be incorporated into the SOPs and training for each facility or operation affected. In addition, regulatory changes will be communicated to facilities and operations by means of memorandum, e-mail and/or intranet posting as necessary.

The Chief of Compliance and the OAG will obtain and maintain and make available a current set of applicable local, state and federal environmental laws and regulations.

Coordination with Other State Agencies

In an effort to increase communication and foster a positive working relationship with state regulators, MES will seek quarterly working meetings with key Maryland Department of the Environment (MDE) headquarters and regional staff of the MDE components with oversight over MES facility or operation. These meetings should include MES HQ and field supervisors and the Chief of Environmental Compliance. The meetings should address identified operational issues at targeted facilities, upcoming permit renewals, proposed changes in operations or regulations, and other topics necessary to most effectively implement the CFEMS.

General Permits and Workplace Standards

Several environmental requirements arise in the context of work practice standards (i.e. asbestos), general permits (for some work in water courses and wetlands), management practices (Storm Water) or notification only (i.e. CERCLA Reportable Quantity Release Reporting and Community Right to Know). The Chief of Compliance and Office of the Attorney General will identify those requirements and incorporate those requirements into the Standard Operating Procedures (SOPs) for each affected facility.

5. Assessment, Prevention, and Control

All MES operations and facilities will be subject to an ongoing process for assessing operations for the purposes of improving environmental sustainability, preventing and controlling releases to the environment, ensuring environmental protection, and maintaining compliance with statutory and regulatory requirements. Primary responsibility for assessment, prevention and control lies with the facility manager and ECS (Environmental Compliance Supervisor) who should report compliance problems or issues as they arise to the Group Executive Directors and the Chief of Compliance.

Compliance Hotline/ Helpline

MES has established a Compliance Hotline/ Helpline that allows MES employees and/or clients report any observations or suspicions of noncompliance with environmental requirements, allegations of fraud, waste, abuse, serious mismanagement, and environmental, and safety violations. In addition employees can use the Hotline/ Helpline or call the Chief of Compliance to ask any questions which may arise during operations regarding implementation of SOP's, compliance or reporting requirements.

The Hotline/ Helpline can be reached through the hotline number (1-866-637-1657) or by intranet e-mail or written/faxed letter.

The Chief of Compliance shall maintain and publicize the Hotline/ Helpline at all facilities and on the intranet. The Hotline/ Helpline can be used in a confidential manner and without fear of retaliation or reprisal. The Chief of Compliance will immediately and thoroughly investigate any allegations or suspicions of alleged violations of environmental laws in accordance with the Investigation procedures described in Section 6 of this CFEMS.

Standard Operating Procedures (SOPs)

For each facility or operation the Chief of Compliance and the OAG will assist the Site Project Manager/ECS create a set of documented standard operating procedures (SOPs) sufficient to guide operations and decision-making, to prevent potential violations or pollutant releases.

The SOPs will clearly define the legal obligations of the facility or operation, including all recordkeeping, reporting obligations and discharge limits by reference to the applicable regulatory, permit or work place standards.

The SOPs should include procedures for controlling site access and securing from external and internal threats of vandalism or terrorism, inspection and control of incoming and outgoing waste streams, on site processing of materials (refrigerators, air conditioning units, lead acid batteries, etc.), site housekeeping (including periodic inventory, recycling or disposal of expired products and waste), Storm Water Pollution Prevention Plans (SWPPP) and procedures for wastewater management, procedures for oil management and procedures for oil and hazardous materials spills.

The SOPs will be readily accessible to all employees at a facility and on the MES intranet. The SOPs should define a uniform process for developing, approving, amending and implementing the SOPs.

Procedures for Hazardous or Regulated Material Spills

Reporting

MES personnel at the project or facility shall report a hazardous or regulated material spill immediately to the appropriate Executive Director. If the spill presents a health or safety risk, the Chief of Safety shall also be notified immediately. The responsible Executive Director, shall also immediately notify the MES Director, the Chief of Environmental Compliance and the Office of the Attorney General.

The responsible Executive Director, shall make any applicable notifications required by law.

Spill Prevention Control and Countermeasures (SPCC)

Each facility must develop and include in the facility SOPs Spill Prevention Control and Countermeasures (SPCC) including emergency procedures for spills. These Emergency Spill Response Plans are subject to the annual review and approval of the Chief of Compliance. Spill procedures shall require:

- Appropriate employee training and/or testing on spill containment procedures;
- Preparation and distribution of a written report on each spill;
- Immediate reporting of a hazardous or regulated material spill to all appropriate personnel, including regulators, the client and MES management;
- Compliance with any applicable notice and other requirements under federal, state or local environmental ordinances;
- Posting of emergency spill procedures in a prominent manner.

Notification Procedure

The Chief of Compliance and the facility supervisor/operator shall maintain at all times current telephone numbers of each governmental authority to whom notice of a hazardous or regulated material spill is required to be given. The appropriate Executive Director (or, in his/her absence, the facility supervisor/operator) with the assistance of the Chief of Environmental Compliance shall prepare, as soon as possible, a written report on each spill and furnish a copy of the report to the MES Director and the Office of the Attorney General. The Chief of Compliance shall prepare status reports, which document actions taken.

Research and Development Assessments

MES shall include in its research and development activities periodic assessments to identify and to consider the suitability of technological developments and improvements, which may be applicable to facility operations to improve current environmental controls. The results of such surveys shall be communicated to all appropriate management personnel for their review and consideration.

Procedures for Safety/Emergency Response

The Chief of Environmental Compliance shall coordinate with the MES Chief of Safety to develop for each facility written procedures designed to:

- 1) prevent accidents, spills, releases and unusual events;
- 2) protect the health and well-being of employees, visitors and facility neighbors; and
- 3) document reporting requirements relevant to regulatory authorities, public safety officials, and public notification.

6. Environmental Incident and Noncompliance Investigations

This section describes standard procedures and requirements for internal review and investigation of MES operations, and internal and external reporting of potential violations and release incidents. There are four types of internal investigations involved in the CFEMS:

Environmental Compliance Reviews (ECRs)- Periodic comprehensive reviews of all aspects of the facility or operations. ECRs are more fully discussed in Section 11.

Audits - The MES Auditor shall conduct periodic scheduled and unscheduled surveys of MES programs and procedures.

Targeted Facility Inspections - Inspections with a focus on a specific issue or issues in response to risk assessments, compliance issues at other similar facilities, regulatory inspections, questions raised by employees or other information suggesting the need for review of specific activities.

Noncompliance Investigations - Investigations into an allegation of fraud, or noncompliance from Hotline/Helpline, or other source. A noncompliance investigation can be initiated based on findings in an Environmental Compliance Review, Targeted Facility Inspection, or Audit.

Audits

With the advice of the Office of the Attorney General, the Chief of Compliance, Group Executive Directors and the MES Auditor shall conduct periodic scheduled and unscheduled surveys of MES programs and procedures utilized to control the handling, storage, discharge, emission and disposal of materials from MES facilities and projects. The results of the survey shall be reported to the MES Director, Chief of Compliance and Office of the Attorney General, who shall jointly recommend follow-up actions, if any.

Environmental Compliance Reviews/Targeted Inspections

The Chief of Environmental Compliance will conduct routine scheduled Environmental Compliance Reviews and unscheduled Targeted Facility Inspections in order to determine both the environmental compliance status and identify compliance deficiencies at MES facilities. Compliance Reviews and Facility Inspections will be prioritized in accordance with the risk assessment

conducted pursuant to Section 8 of this CFEMS. Compliance Reviews and Facility Inspections will identify compliance issues, malfunctions, equipment deterioration, worker adherence to SOPs, human error, and unauthorized releases.

Findings and Corrective Actions

Following a Targeted Facility Inspection or Environmental Compliance Review, the Chief of Compliance will prepare an interoffice memorandum describing the positive aspects of compliance and any deficiencies identified. This memorandum will be distributed to the Site Manager, ECS, Executive Director for the Group, and the Chief of Staff. These memoranda will highlight the facility findings, rank the seriousness of any deficiencies noted (using the Risk Assessment criteria identified in Section 8) and provide recommendations to correct any deficiencies.

The Facility Manager, in consultation with the ECS, Executive Director for the Operating Group, the Chief of Staff, the Chief of Compliance and the Office of the Attorney General, will respond by presenting a plan of action to remedy any deficiencies, identifying the resources and steps required to prevent deficiencies from recurring and a proposed timetable for implementing the corrective actions. The Chief of Compliance will conduct follow-up reviews until all identified issues have been resolved.

Noncompliance Investigations

MES may receive allegations that the agency is not in compliance with federal, state or local law, regulation or permit. These allegations may come through the MES Compliance Hotline (voice or e-mail), as a result of a Compliance Review, Targeted Facility Inspection, an inspection by a regulating authority, from a client or by any other means.

Obligation to Report Noncompliance

In the event that an allegation of specific noncompliance is received, the MES employee receiving the allegation will immediately notify the Chief of Compliance and the Office of the Attorney General. The Chief of Environmental Compliance of the Office of the Attorney General shall inform the Deputy Director of the reported allegation.

Potential Criminal Activity

In the event that the allegation of noncompliance involves potential criminal activity the Chief of Compliance or the Office of the Attorney General

shall immediately report the allegation of criminal activity to the Office of the Attorney General Criminal Investigation Division (“OAG/CID”). If the OAG/CID wants to take the lead in the investigation, MES shall assist as directed. With the concurrence of the OAG/CID, the Chief of Compliance shall also report the allegation to the regulatory authority having authority over the subject of the allegation and advise the regulatory authority that MES is undertaking an investigation of the allegation.

In the event that the allegation of criminal activity involves a federal facility, the Office of the Attorney General shall also immediately notify the Environmental Protection Agency-Criminal Investigation Division (EPA-CID) and the federal agency having control of the facility.

Investigation Procedure

The following is a general outline of internal investigation procedures, which may be modified to address the specific needs of each investigation.

Investigation Team and Preliminary Questions

The Chief of Compliance shall appoint an Internal Investigation Team (IIT) to investigate the allegation. The Internal Investigation Team shall consist of the Chief of Compliance, and may include members of the Environmental Compliance Review Team, and any person(s) identified by the Office of the Attorney General or the Chief of Compliance as having special or technical expertise in the subject matter of the alleged noncompliance. The Chief of Compliance shall not appoint to the IIT any person who is within the chain of command implicated in the allegation.

The IIT shall make an initial determination as to whether the allegation has already been investigated and reported in the normal course of operations.

The Chief of Compliance and the Office of the Attorney General shall also preliminarily determine the scope, timetable and budget for the investigation. The Chief of Compliance and the Office of the Attorney General should also determine whether the allegation should be reported immediately as a “preliminary report” to client, State or Federal government before further investigation.

Securing Evidence

The IIT will collect and secure and index all original documents and physical evidence related to the allegation. These records and evidence shall be kept in the custody of someone outside of the chain of command implicated by the

allegation. If the Chief of Compliance reasonably believes the records are at risk of despoliation, he or she will arrange for appropriate authorities to secure the records. The IIT will immediately identify sources of information related to the subject matter of the investigation that could be modified, and secure them.

If the allegation involves a spill or release, the Chief of Compliance, and other members of the IIT if appropriate, shall go to the scene immediately and document what is found, and determine whether any reporting is appropriate.

Interviews

The Chief of Compliance, in consultation with the Office of Attorney General, will determine which individuals should be interviewed, and which members of the IIT will participate in the interviews. All individuals alleged to be involved in the noncompliance should be interviewed. Any other individuals who the IIT reasonably believe have information relevant to the investigation should also be interviewed. Each witness shall be interviewed separately, and only members of the IIT will be present during the interviews.¹ No individuals in the witness' chain of command may be present at the interview.

The IIT should be thoroughly familiar with the facility and the situation involved before interviewing employees. Visits to the location involved in the allegation shall be unannounced.

Results and Conclusions

The IIT will determine based on review of all the interviews, physical evidence and the experience of the IIT, whether there is reason to believe that the allegation is credible. (i.e. could the alleged incident have happened.) If the allegation is credible the IIT will conduct a "root-cause" analysis, identify the source of the non-compliance and make recommendations for corrective actions. The IIT should also recommend a system for development, tracking, and effectiveness verification of recommended corrective and preventative actions.

¹ Situations may arise where an employee wants to have a witness or lawyer present during an interview or where, despite potential criminal liability, it is important to get information quickly to prevent continuing environmental harm or threat to the public. In such cases the IIT should immediately seek the advice of the OAG regarding an employee's rights and obligations. In the event the employee is interviewed with his/her lawyer present an attorney from the Office of the Attorney General shall also be present.

Reporting: Allegations and Results of Investigations

Allegations of unlawful conduct should be treated seriously but not precipitously. Delayed reporting of certain incidents may violate legal obligations. On the other hand, precipitous reporting of unfounded or exaggerated allegations can seriously hamper the environmental protection mission of the agency. Therefore, at each point in an investigation, consideration must be given to whether it is appropriate or required to provide preliminary, interim and final reporting of an investigation.

If, at any time, the Chief of Compliance, an Executive Director, or the MES Auditor forms a belief, which has an objectively reasonable basis, that a violation has occurred, then the individual forming such belief shall immediately report the belief to the MES Director, and the Office of the Attorney General. No later than twenty-one (21) days after the individual reports such belief, or sooner if a shorter reporting time period is required by law, the Chief of Environmental Compliance and/or the Office of the Attorney General shall disclose the potential violation to the EPA and/or the Maryland Department of the Environment.

The Executive Director for the facility shall ensure that any violation discovered at a facility or operation shall be corrected as soon as possible but no later than sixty (60) days from the date of the discovery. If more than 60 days will be needed to correct the violation, the Chief of Compliance or the Office of the Attorney General will notify EPA and MDE in writing before the 60-day period passes.

[In the case of an ongoing release or discharge to the environment, MES will cease the violative activity unless such action will cause greater environmental harm.]

MES shall report the final results of its internal investigation to any appropriate regulatory and investigatory authorities including those who have been notified of the MES investigation.

Unless requested otherwise by another investigatory entity, MES shall provide a copy of its final compliance report to the MES client which owns the facility where the alleged non-compliance occurred. To the extent permitted by law, the report shall include the results of the investigation and a description of any corrective action taken.

Procedures for Inspections/Inquiries by Governmental Authorities

To provide for the proper accommodation of inspections by government authorities, the SOP for each facility will incorporate the following:

Oral notices of impending inspections by environmental authorities are to be immediately communicated to the Chief of Compliance by telephone and followed as soon as possible with written confirmation. All written notices of inspection received by a facility shall be forwarded to the Chief of Compliance immediately upon receipt.

To the extent practicable, government inspectors/auditors shall be received by the Chief of Compliance and the supervisor/manager of the facility and accompanied throughout the course of the inspection. The supervisor/manager shall subsequently prepare a report which shall include: the date and time of the inspection; the identity of the government inspector(s); the portions of the facility, facility equipment and operations that were inspected; the identity of the employees who accompanied the inspector or provided information to the inspector; the source and nature of the information provided; and a summary of the results of the inspection, including the issuance of any citations for regulatory violations or summaries relevant to compliance. The responsible Executive Director shall provide the report to the Chief of Compliance for his/her review and comments and records.

The Chief shall request copies of any notes, reports or written comments prepared by the inspector during the course of the inspection and such material shall be submitted to the responsible Executive Director. Notes, reports or written comments which indicate significant or serious noncompliance will also be reported to the Director of MES.

The facility shall implement, with the guidance of the Chief of Compliance, the Group Executive Director, and Office of the Attorney General, any operational or management corrective actions which are deemed necessary as a result of the inspection.

7. Environmental Training, Awareness, and Competence

Facility and operation specific education and training is required to enable all MES personnel perform at maximum efficiency and compliance. Training will ensure that organization employees are aware of its environmental obligations, policies and procedures, and their roles and responsibilities within the environmental management system. The Chief of Compliance will use intranet and internet to facilitate training. Training will be documented and its effectiveness measured.

Competence

The Chief of Environmental Compliance shall establish a program for ensuring that personnel responsible for meeting and maintaining compliance with environmental requirements are competent on the basis of appropriate education, training, and/or experience, as verified by field interview and tests.

Training Subject Matters

Hazardous Materials

The Chief of Compliance and the Group Executive Directors shall establish procedures providing for an appropriate program of classroom and facility on-site training in the handling of hazardous materials. Training programs shall be conducted in accordance with applicable federal, state laws and regulations, and current industry personnel training requirements.

Environmental Regulation

The Chief of Compliance and Group Executive Directors shall establish training procedures in order to communicate the requirements of environmental regulations to the employees responsible for facility compliance. The training shall apply to employees who monitor discharges and releases, and who take samples of discharges, releases or other materials that are subject to applicable federal, state and local laws and regulations

Equipment and Vehicle Maintenance

The Executive Directors in coordination with the Chief of Environmental Compliance shall establish training procedures for employees responsible for the regular inspection and maintenance of facility equipment, including calibration

and operation of instruments and equipment which measure and monitor discharges and releases from the facility. Employees who maintain and repair motor vehicles at a facility shall be trained in fuel spill and other spill prevention and remediation.

Facility Maintenance/Good Housekeeping

The Chief of Compliance and Group Executive Directors shall provide training for facility employees responsible for the regular inspection and routine maintenance and cleaning. Training shall also include spill prevention and remediation and waste stream reduction.

Regulatory Awareness

The Chief of Environmental Compliance and the Office of the Attorney General shall establish employee training programs to respond to changes in environmental laws and regulations. See Section 4.

The Chief of Environmental Compliance with the approval of the OAG will produce Environmental Compliance Guidelines as necessary to supplement and update the SOP manuals for each facility.

The Chief of Environmental Compliance shall use the intranet and internet, and other technologies to communicate information on compliance issues to all personnel.

Documentation and Communication

Upon the completion of required training, the Chief of Compliance shall prepare and retain a written report describing the training program, measuring the effectiveness of the training and will secure employee signatures for certification that the training has been given.

8. Environmental Planning and Organizational Decision-Making

Environmental compliance and sustainability planning will be integrated into organizational decision-making, including plans and decisions on contracts, capital improvements, product and process design, training programs, and maintenance activities.

Operational “Change Management”/New Project Review

When MES undertakes a new project or contract, employs new or changing processes, equipment, maintenance activities, or products, the Chief of Compliance, Facility or Operations Manager, ECS and the Engineering Group will review the project’s requirements, planning, design, and operation for environmental compliance and sustainability (i.e., operational “change management”). The review shall:

- A) Determine the potential environmental impact including the nature and quantity of any discharge to be generated;
- B) Evaluate the adequacy of the existing facility treatment capacity, the practical limits of the operation and any reasonable alternatives;
- C) Review the capacity of the facility or operation to comply with any federal, state or local environmental laws, permits, regulations or ordinances, during normal operations and at times of routine maintenance or foreseeable outages;
- D) Review any history of non-compliance or operational failures and make recommendations to address the source of the non-compliance or failures;
- E) Determine whether the operation as planned can be operated in a sustainable and efficient manner, and if not, making recommendations regarding equipment, operations or personnel to improve compliance tolerance and reduce any unapproved releases to the environment.

Upon completion of the evaluation described above, appropriate management personnel shall prepare and submit a written report describing the results of the review to the Director of MES, and making recommendations for improvements.

Risk Assessment

The Chief of Compliance will create and update annually, a risk matrix, prioritizing MES facilities and operations in accordance with the environmental

hazard, and the likelihood of illegal conduct related to the activities at the facility or operation. The Environmental Hazard Risk Assessment will take into account the toxicity, frequency and size of possible releases, the number of operating environmental permits, the complexity and sophistication of the technology being used, the sensitivity of the local environment and the history of environmental issues at a facility or operation. The assessment of the risk of criminal conduct will consider: (i) The nature and seriousness of any potential criminal conduct; and (ii) The likelihood that certain criminal conduct may occur because of the nature of the operation. If there is a substantial risk that certain types of criminal conduct may occur, MES shall take reasonable steps to prevent and detect that type of criminal conduct including establishing standards and procedures designed to prevent and detect fraud. All such preventive measures will be incorporated in the SOPs.

This risk matrix will prioritize periodically the most serious hazards and activities most likely to foster illegal conduct. Facilities and operations found to be “high risk” facilities shall be subject to an increased level of scrutiny by means of Targeted Inspections and more frequent Environmental Compliance Reviews.

9. Maintenance of Records and Documentation

MES records are subject to a variety of laws requiring records maintenance, authorizing or prohibiting the release of records. These include, State records law, permits and regulatory requirements, and general privacy laws such as HIPPA.

The Chief of Compliance and OAG will identify the types of records developed in support of the CFEMS (including audits and reviews). These may include permits and applications, contract documents, internal reviews, environmental monitoring and reporting data, investigation documents, Hotline/Helpline reports, SOPs and Certifications. Chief of Compliance and OAG will develop procedures to determine who maintains each type of record and where, and protocols for responding to inquiries and requests for release of information.

The Auditor shall implement data management systems for internal waste tracking, environmental compliance data, and hazardous waste determinations.

10. Pollution Prevention Program

The Engineering Group in consultation with the Chief of Environmental Compliance will develop an internal program for preventing, reducing, recycling, reusing, and minimizing waste and emissions, including procedures to encourage material substitutions. This program will include mechanisms for identifying candidate materials to be addressed by program and tracking progress.

Acquisition, Handling and Disposition of Materials

All hazardous and regulated materials including toxic, reactive, corrosive, or ignitable materials will be properly controlled from acquisition through final disposition. All discharges of water, air, liquid or solid matter will comply with all applicable environmental regulations. Each Group Executive shall designate an employee at each MES project or facility to be responsible for implementing these procedures. Group Executives will ensure that the designated employees are trained in these procedures and have authority to implement them.

Acquisition of Materials

Each facility will maintain an active material safety data sheet of all hazardous or regulated material furnished by a vendor. If the vendor does not furnish a complete material safety data sheet, the facility shall so advise the Chief of Environmental Compliance and shall not acquire any hazardous or regulated material from the vendor without proper authorization from the Chief. A copy of each material safety data sheet shall be furnished to, maintained and distributed by the Chief in accordance with MES Documents and Records procedures.

Receiving, Handling and Disbursement of Materials

Each facility shall develop and include in their SOPs appropriate procedures for ensuring that all hazardous or regulated material will be properly received, stored and handled. No person shall remove hazardous or regulated materials from receiving or storage areas without the authorization of the Chief/facility manager/supervisor. Appropriate managerial personnel shall be present whenever hazardous or regulated materials are received by the facility.

Disposal of Materials

Each facility will develop and include in their SOPs appropriate procedures for ensuring that all hazardous or regulated materials which are subject to disposal are properly labeled, stored, handled and documented prior to disposal.

Each facility will establish and include in their SOPs appropriate procedures for verifying, prior to disposal, whether used materials are non-hazardous and/or non-regulated. The Chief or facility manager/supervisor will complete the applicable manifest forms and schedule shipment with authorized haulers in accordance with environmental laws. All completed manifest forms shall be kept at the facility where the waste was generated. The Chief or facility manager/supervisor shall monitor receipt of copies signed by the transporter and disposer and shall report missing manifests to the Office of the Attorney General and environmental authorities as required. The manifests shall be kept on file at the facility for three years.

All hazardous or regulated materials used by the facility shall be shipped by authorized haulers in accordance with applicable facility procedures.

11. Continuing Program Evaluation and Improvement

Evaluation of Environmental Compliance Program

MES will assure the effectiveness and integrity of the environmental compliance program through periodic evaluation of its components. The evaluations will serve to validate the process and results related to compliance as well as to identify opportunities for improvement.

Environmental Compliance Reviews

The Chief of Compliance shall conduct periodic Environmental Compliance Reviews (ECR) of all MES facilities and projects. Priority should be given to facilities or operations found to be at higher risk of environmental harm or criminal conduct (based on the Risk Matrix, described in Section 8). All MES employees shall cooperate with the Chief of Compliance in the conduct of such ECRs.

The Chief of Compliance shall develop explicit written procedures and checklists for each type of facility where an ECR is conducted. The procedures shall include and address the ECR scope, review and evaluation of ECR findings, communication of the ECR results to appropriate individuals in MES and to regulatory bodies, and procedures for follow-up. The procedures by which the ECRs are conducted shall, at a minimum, meet the standards set forth in the EPA Policy Statement "Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations," dated May 11, 2000, and as it may be amended from time to time.

Environmental Compliance Reviews (ECR) shall also include identifying operations and waste streams where equipment malfunctions and deterioration, operator errors, and discharges or emissions may be causing, or may lead to: (1) releases of hazardous waste or other pollutants to the environment, (2) a threat to human health or the environment, or (3) violations of environmental requirements.

Upon discovery of a criminal violation the Chief of Compliance, Director, Auditor and Office of the Attorney General shall propose changes necessary to assess risk of recurrence of criminal behavior and take steps to design and implement or change elements to reduce the risk of future violations.

Annual Report on Environmental Compliance

In consultation with Office of the Attorney General, the Chief shall prepare an annual compliance report, based on the Environmental Compliance Reviews,

Targeted Facility Inspections and Noncompliance investigations. The Report shall evaluate all twelve aspects of the Environmental Management System and recommend program improvements and revisions. The Report shall be given to the Director and the Group Executives. The Director will provide copies of the report to the Board of Directors of MES, accompanied by the Directors views and recommendations for the program.

12. Public Involvement/Community Outreach

The Director of Communications in conjunction with the Chief of Compliance will maintain a public description of the MES- CFEMS and develop a program for ongoing community education and involvement in the environmental aspects of MES operations and general environmental awareness. MES will solicit comments from the public on how it can better perform its core functions and serve the citizens of Maryland.

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(07-06-1R)

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 project reserve funds; 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 vehicles 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 vehicles (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 Six Hundred Twenty Thousand Dollars (\$620,000.00), 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 Service projects; (c) borrowing of moneys for a term not to exceed five (5) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.25%; (d) the use of interfund borrowing, as needed, but only on 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.

5. This Resolution shall take effect immediately.

ADOPTED, this 25th day of June, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 

JAMES M. HARKINS, Director

BY: 

JOHN O'NEILL, Deputy Director

**CAPITAL EQUIPMENT EXPENDITURES
(07-06-1R)**

| <u>No.</u> | <u>Description/Model</u> | <u>Estimated Cost</u> |
|------------|--|-----------------------|
| 7 | 2008 Ford F-550 4x4 Service Trucks with Crane | \$ 604,345.98 |
| | Other | <u>\$ 15,654.02</u> |
| | Total | \$ 620,000.00 |

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(07-07-01R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE PLANNING, DESIGN, ENGINEERING, PERMITTING, CONSTRUCTION, EQUIPPING, INSPECTION AND FINANCING OF IMPROVEMENTS TO THE WATER SUPPLY AND WASTEWATER TREATMENT FACILITIES AT THE EASTERN CORRECTIONAL INSTITUTION, WITH THE PROCEEDS OF BONDS OR OTHER DEBT OBLIGATIONS 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 planning, design, engineering, permitting, construction, equipping, inspection and financing of improvements to the waster supply and wastewater treatment facilities at the Eastern Correctional Institution located in Somerset County, Maryland (the "Project"), prior to the issuance of bonds or other debt obligations by the Service for such project; and

WHEREAS, the Service intends to be reimbursed for 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 states its intention and reasonable expectation to use the proceeds of tax-exempt bonds or other debt obligations to reimburse itself for expenditures associated with planning, design, engineering, permitting, construction, equipping, inspection and financing of the Project. The Service expects to issue or cause the issuance of bonds or other debt obligations in an amount not to exceed Twenty Million Dollars (\$20,000,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

ADOPTED, this 23rd day of July, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 

JAMES M. HARKINS, DIRECTOR

BY: 

JOHN O'NEILL, DEPUTY DIRECTOR

BY: 

JOSEPH C. ZIMMERMAN, TREASURER

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 07-08-1R

A RESOLUTION APPROVING

The use of a portion of the Water and Wastewater Project Reserve Fund for the purpose of repairing and upgrading the water supply and wastewater treatment facilities at the Eastern Correction Institution ("ECI").

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 (2005 Replacement Volume, 2006 Supplement), as amended to date (the "Act"). In adopting the Act, the General Assembly expressly directed the Service to "provide water supply and waste purification and disposal services in compliance with State laws, regulations, and polices governing air, land, and water pollution to public and private instrumentalities" The Act further authorizes the Service to adopt bylaws, rules, regulations, policies, and procedures for the regulation of its affairs and conduct of its business.

The Service operates both the water supply and wastewater treatment facilities at ECI. Both facilities are in need of emergency repairs and/or upgrades in order to consistently comply with a water appropriation permit to withdraw water from the Manokin aquifer. The Water and Wastewater Group is currently working to determine the scope of the necessary work. To date, it is estimated that the repairs and upgrades will require the Service to incur debt to finance the construction of the upgraded facilities. Interim measures, however, must be taken immediately to comply with a consent order between the Service, the Maryland Department of Public Safety and Correctional Services and the Maryland Department of the Environment.

In September 2003 the Service created the Water and Wastewater Project Reserve Fund (the "Fund") to serve as a contingency fund for issues that might arise at State owned water and wastewater facilities. That reserve currently contains approximately \$650,000.00. In order to access the Fund it is necessary to obtain the prior approval of the Board and the Secretary of the Department of Budget and Management.

The Board considers the use of the Fund, together with 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:

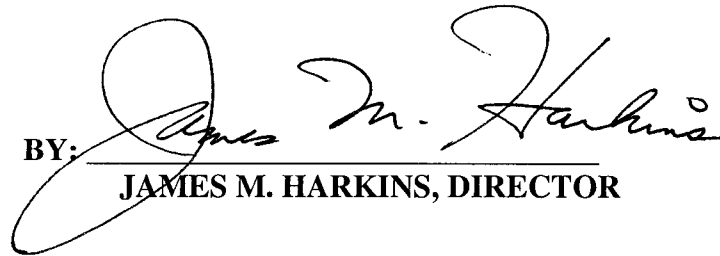
1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.
2. The Board finds that an emergency situation exists at the ECI water supply and wastewater treatment facilities.
3. The Board hereby adopts this Resolution approving the use of up to \$250,000.00 of the Water and Wastewater Project Reserve Fund for the purpose of making repairs and upgrades to the water supply and wastewater treatment facilities at ECI.
4. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution.
5. This Resolution shall take effect immediately upon its adoption and shall be applied prospectively from the date of its adoption.

ADOPTED, this 16th day of August 2007.

SEAL


MARYLAND ENVIRONMENTAL SERVICE

BY:



JAMES M. HARKINS, DIRECTOR

BY:



JOHN J. O'NEILL, JR., DEPUTY DIRECTOR

BY:



JOSEPH ZIMMERMAN, TREASURER

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 07-08-2R

A RESOLUTION APPROVING

The use of a portion of the Project Reserve Fund (the "Fund") for the purpose of funding costs in excess of revenues during fiscal 2007.

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 (2005 Replacement Volume, 2006 Supplement), as amended to date (the "Act"). In adopting the Act, the General Assembly expressly directed the Service to "provide water supply and waste purification and disposal services in compliance with State laws, regulations, and polices governing air, land, and water pollution to public and private instrumentalities . . ." The Act further authorizes the Service to adopt bylaws, rules, regulations, policies, and procedures for the regulation of its affairs and conduct of its business.

The Service operates both water supply and wastewater treatment facilities on behalf of the State of Maryland at various state owned facilities located throughout the state. The Service is reimbursed each year for its operating expenses through appropriations from the Maryland General Assembly to the specific state agencies that own the water and wastewater treatment facilities. In 2005, the Service estimated the costs to operate these facilities for FY 2007 and budgeted accordingly. Due to a variety of factors, including, but not limited to, increased fuel costs and payment of the Bay Restoration Fee at each wastewater treatment facility, the costs to operate the state facilities exceeded the operating budget. In accordance with directions from the Department of Budget and Management, therefore, the Service is seeking permission to access additional monies from the Fund to continue to operate these state facilities.

In September 2003, the Service created the Fund to serve as a contingency fund for issues that might arise at State owned water and wastewater facilities. That reserve currently contains approximately \$650,000.00. In order to access the Fund it is necessary to obtain the prior approval of the Board and the Secretary of the Department of Budget and Management.

The Board considers the use of the Fund, together with 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 adopts this Resolution approving the use of up to \$290,000.00 of the Project Reserve Fund for the purpose of funding costs in excess of revenues during fiscal 2007.
3. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution.
4. This Resolution shall take effect immediately upon its adoption and shall be applied prospectively from the date of its adoption.

ADOPTED, this 16th day of August 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN J. O'NEILL, JR., DEPUTY DIRECTOR

BY: 
JOSEPH ZIMMERMAN, TREASURER

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
07-09-1R**

A RESOLUTION

Authorizing the salary and other benefits of the Secretary of the Maryland Environmental Service ("Service").

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 of Maryland. Section 3-103(b)(1) of the Natural Resources Article of the Annotated Code of Maryland (Maryland Environmental Service Act, or "Act") provides that there shall be a Secretary of the Service, who shall be appointed by the Director of the Service with the approval of the Governor of Maryland. The Secretary is also a member of the Board of Directors of the Service. The duties of the Secretary are set forth in Section 3-103(d)(1) of the Act:

The Secretary shall keep a record of the proceedings of the Board and be custodian of all books, documents, and papers filed with the Service and of the minute book or journal of the Service and its official seal. He may have copies made of all minutes, records, and documents of the Service and certify them to be true copies under the official seal of the Service. Any person dealing with the Service may rely upon these certificates, and certified copies shall be received as evidence in any court or other tribunal in the State, in the same manner and with the same effect as if the original books, papers, entries, records, or proceedings could be produced.

Pursuant to Section 3-103(b)(1) of the Act, the Secretary 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. Pursuant to Md. Natural Resources Code Annotated Section 3-103(b)(1), and as limited pursuant to Section 2 of this Resolution, the Secretary shall be paid per diem compensation in the amount of \$500 for each meeting of the Board the Secretary attends.

2. This Resolution shall have no effect, and the Secretary shall not be entitled to any compensation, in the event the Secretary, at the time of his or her appointment to the Maryland Environmental Service, already holds an office of profit within the meaning of Article 35 of the Declaration of Rights of the Constitution of Maryland. This provision shall remain in effect for so long as the Secretary holds such office of profit.
3. It is the express intention of the Board that this Resolution shall be retroactive and shall take effect September 1, 2007.

ADOPTED, this 24th day of September, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH ZIMMERMAN, TREASURER

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
07-10-1R**

A RESOLUTION

Authorizing the Director of the Maryland Environmental Service (“Service”) to close certain offices and facilities of the Service on Friday, November 23, 2007, and further authorizing certain payments to employees of the Service.

R E C I T A L S

WHEREAS, pursuant to §3-103.1(b)(4) of the Natural Resources Article, Annotated Code of Maryland, the Service may determine the terms of employment of its employees, including compensation, benefits, holiday schedules, and leave polices; and

WHEREAS, the employees of the Service are dedicated, resourceful and hard-working; and

WHEREAS, by law, offices of most State agencies will be closed on Friday, November 23, 2007.

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

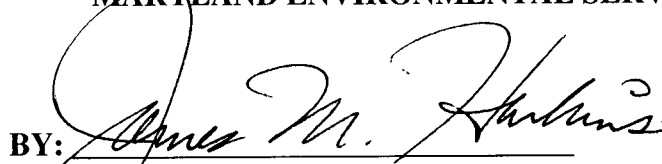
1. The Director may close the offices and facilities of the Service on Friday, November 23, 2007, except for those offices and facilities, which the Service is obligated by law or agreement to operate and have open for business on that day.
2. All employees of the Service shall be granted paid leave on Friday, November 23, 2007, in the same manner as if that day were a Holiday under COMAR 14.27.02.15.A.

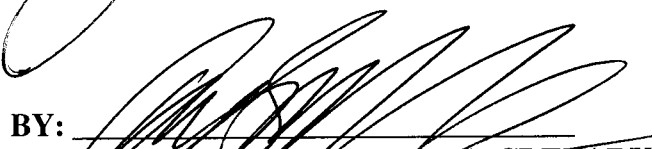
Resolution No. 07-10-1R
Authorization to Close MES Offices on November 23, 2007
Page 2

ADOPTED, this 22nd day of October, 2007.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
RICHARD P. STREETT, JR., SECRETARY