

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-01-1R)**

A RESOLUTION AUTHORIZING

**THE SERVICE TO AMEND ITS 401K RETIREMENT PLAN
AGREEMENT, AND GENERALLY RELATING TO THE RETIREMENT
PROGRAM FOR CERTAIN EMPLOYEES OF THE SERVICE.**

R E C I T A L S

WHEREAS, pursuant to §3-103.1(b) of the Natural Resources Article of the Annotated Code of Maryland, the Maryland Environmental Service (“Service”) is directed and authorized to determine and establish compensation and benefits for its employees; and

WHEREAS, the Board of Directors of the Service (“Board”) has previously approved an Adoption Agreement (“Adoption Agreement”) establishing a 401(k) Savings Plan (“Plan”) for its employees; and

WHEREAS, the Board desires to amend the Adoption Agreement to address the final regulations adopted by the United State Department of the Treasury pursuant to sections 415 and 411 of the Internal Revenue Code.

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

1. The Basic Plan Document Amendment, which is attached hereto as Attachment 1, is hereby adopted.
2. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Basic Plan Document Amendment, with any changes, insertions and omissions therein as


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Amendment to 401(k) Plan
Page 2

may be approved the Director, such approval to be conclusively evidenced by execution and delivery of such documents. The Director and the other officers of the Service are each hereby authorized to affix the official seal of the Service to the Basic Plan Document Amendment and attest the same.

3. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution.
4. This Resolution shall be effective retroactive to December 31, 2007.

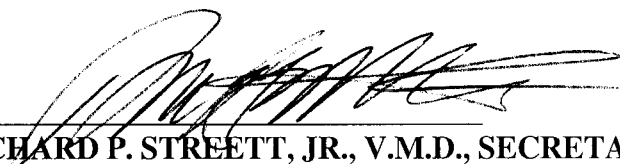
ADOPTED, this 28th Day of January, 2008.

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH ZIMMERMAN, TREASURER

BY: 
RICHARD P. STRETT, JR., V.M.D., SECRETARY

Qualified Retirement Plan Final 415 Regulations Basic Plan Document Amendment

This Amendment of the Plan (hereinafter referred to as “the Amendment”) is comprised of this Basic Plan Document Amendment and is adopted to reflect the final regulations published by the Department of the Treasury on April 5, 2007, governing limitations on benefits and contributions within qualified plans under Section 415 of the Internal Revenue Code. The Amendment is intended to provide good faith compliance with the requirements of the final regulations. The Amendment shall be effective for limitation years beginning on or after July 1, 2007, and shall supersede any inconsistent provisions of the Plan.

NOTE: Section numbers used below correspond to the Basic Plan Document Sections to which the Amendment provisions relate.

DEFINITIONS

ANNUAL ADDITIONS

The definition of Annual Additions in the Basic Plan Document is modified by removing the last paragraph regarding Excess Annual Additions.

COMPENSATION

Any elections previously made on your Plan’s Adoption Agreement with respect to the definition of Compensation will continue to apply. The definition of 415 safe-harbor compensation under the General Definition of Compensation Section A, paragraph three is replaced with the following:

3. 415 safe-harbor compensation.
 - a. Items includible as Compensation. Compensation is defined as:
 - (1) Wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan, to the extent that the amounts are includible in gross income (or to the extent amounts would have been received and includible in gross income but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code). These amounts include, but are not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan as described in Section 1.62-2(c) of the Treasury Regulations.
 - (2) In the case of an Employee who is an Employee within the meaning of Section 401(c)(1) if the Code and regulations promulgated under Section 401(c)(1) of the Code, the Employee’s earned income (as described in Section 401(c)(2) of the Code and regulations promulgated under Section 401(c)(2) of the Code), plus amounts deferred at the election of the Employee that would be includible in gross income but for the rules of Section 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code.
 - (3) Amounts described in Section 104(a)(3), 105(a), or 105(h) of the Code, but only to the extent that these amounts are includible in the gross income of the Employee.
 - (4) Amounts paid or reimbursed by the Employer for moving expenses incurred by an Employee, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Employee under Section 217 of the Code.
 - (5) The value of a nonstatutory option (which is an option other than a statutory option as defined in Section 1.421-1(b) of the Treasury Regulations) granted to an Employee by the Employer, but only to the extent that the value of the option is includible in the gross income of the Employee for the taxable year in which granted.
 - (6) The amount includible in the gross income of an Employee upon making the election described in Section 83(b) of the Code.
 - (7) Amounts that are includible in the gross income of an Employee under the rules of Section 409A or Section 457(f)(1)(A) of the Code or because the amounts are constructively received by the Employee.
 - b. Items not includible as Compensation. The term Compensation does not include –
 - (1) Contributions (other than elective contributions described in Section 402(e)(3), Section 408(k)(6), Section 408(p)(2)(A)(i), or Section 457(b) of the Code) made by the Employer to a plan of deferred compensation (including a simplified employee pension described in Section 408(k) of the Code or a simple retirement account described in Section 408(p) of the Code, and whether or not qualified) to the extent that the contributions are not includible in the gross income of the Employee for the taxable year in which contributed. In addition, any distributions from a plan of deferred compensation (whether or not qualified) are not considered as Compensation for Section 415 purposes, regardless of whether such amounts are includible in the gross income of the Employee when distributed.
 - (2) Amounts realized from the exercise of a nonstatutory option (which is an option other than a statutory option as defined in Section 1.421-1(b) of the Treasury Regulations), or when restricted stock or other property held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (see Section 83 of the Code and regulations promulgated under Section 83).
 - (3) Amounts realized from the sale, exchange, or other disposition of stock acquired under a statutory stock option (as defined in Section 1.421-1(b) of the Treasury Regulations).
 - (4) Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the employee and are not salary reduction amounts that are described in Section 125 of the Code).
 - (5) Other items of remuneration that are similar to any of the items listed in paragraphs (b)(1) through (b)(4) of this section.

For any Self-Employed Individual covered under the Plan, Compensation will mean Earned Income.

The General Definition of Compensation, Section A, is further modified by adding the following:

The term Compensation does not include Compensation paid after severance from employment, as defined in Section 1.415(c)-2(e)(3) of the Treasury Regulations except for payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

EARNED INCOME

The definition of Earned Income is amended by adding the following paragraph as paragraph three:

For purposes of applying the limitations of Section 415, in the case of an Employee who is an Employee within the meaning of Section 401(c)(1) of the Code and regulations promulgated under Section 401(c)(1) of the Code, the Employee's earned income (as described in Section 401(c)(2) of the Code and regulations promulgated under Section 401(c)(2) of the Code), shall include amounts deferred at the election of the Employee that would be includible in gross income but for the rules of Section 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code.

LIMITATION YEAR

The definition of Limitation Year is amended by adding the following paragraph as paragraph two:

If a Plan is terminated effective as of a date other than the last day of the Plan's Limitation Year, the Plan is treated for purposes of this section as if the Plan was amended to change its Limitation Year. As a result of this deemed amendment, the Section 415(c)(1)(A) dollar limit must be prorated under the short Limitation Year rules.

SECTION THREE: CONTRIBUTIONS

Section 3.12(A)(4), Limitation on Allocations, is replaced with the following:

Any Excess Annual Additions allocated to a Participant should be corrected through the Employee Plans Compliance Resolution System or such other correction method allowed by statute, regulations or regulatory authorities.

Section 3.12(B)(1)(f), Limitation on Allocations, is replaced with the following:

Any Excess Annual Additions allocated to a Participant should be corrected through the Employee Plans Compliance Resolution System or such other correction method allowed by statute, regulations or regulatory authorities.

Qualified Retirement Plan Final 411 Regulations Basic Plan Document Amendment

This Amendment of the Plan (hereinafter referred to as "the Amendment") is comprised of this Basic Plan Document Amendment and is adopted to reflect the final regulations published by the Department of the Treasury on August 9, 2006, which provide guidance with respect to the interaction between the anti-cutback rules of Section 411(d)(6) of the Internal Revenue Code and the nonforfeitability requirements of Section 411(a) of the Internal Revenue Code. The Amendment is intended to provide good faith compliance with the requirements of the final regulations. This Amendment shall be applicable to plan amendments adopted after August 9, 2006, and shall supersede any inconsistent provisions of the Plan.

SECTION SEVEN: MISCELLANEOUS

Section 7.06(D), Amendment of Vesting Schedule, is amended by adding the following paragraph at the end of this section:

With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-02-1R)

A RESOLUTION AUTHORIZING

THE SERVICE TO AMEND ITS 401K RETIREMENT PLAN AGREEMENT, AND GENERALLY RELATING TO THE RETIREMENT PROGRAM FOR CERTAIN EMPLOYEES OF THE SERVICE.

R E C I T A L S

WHEREAS, pursuant to §3-103.1(b) of the Natural Resources Article of the Annotated Code of Maryland, the Maryland Environmental Service (“Service”) is directed and authorized to determine and establish compensation and benefits for its employees; and

WHEREAS, the Board of Directors of the Service (“Board”) has previously approved an Adoption Agreement (“Adoption Agreement”) establishing a 401(k) Savings Plan (“Plan”) for its employees; and

WHEREAS, the Board desires to amend the Adoption Agreement to allow for Roth Elective Deferrals under Section 402A of the Internal Revenue Code.

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

1. The Basic Plan Document Amendment, which is attached hereto as Attachment 1, is hereby adopted.
2. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Basic Plan Document Amendment, with any changes, insertions and omissions therein as may be approved the Director. such approval to be conclusively evidenced by execution

Resolution No. 08-02-1R
Amendment to 401(k) Plan
Page 2

and delivery of such documents. The Director and the other officers of the Service are each hereby authorized to affix the official seal of the Service to the Basic Plan Document Amendment and attest the same.

3. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution.
4. This Resolution shall be effective retroactive to January 2, 2008.

ADOPTED this 25th day of February, 2008.

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH ZIMMERMAN, TREASURER

BY: 
RICHARD P. STREETT, JR., V.M.D.
SECRETARY

Qualified Retirement Plan Roth 401(k) Model Amendment Kit

**For use with Vanguard's
401(k) Plans**

INSTRUCTIONS

- Complete and sign the Vanguard Adoption Agreement Amendment and return to Vanguard.
- Review the Vanguard Basic Plan Document Amendment and file with your other qualified plan documents.

Vanguard Adoption Agreement Amendment

This amendment of the Plan (hereinafter referred to as "the Amendment") is comprised of this Adoption Agreement Amendment and the corresponding Basic Plan Document Amendment and is adopted to reflect the Roth 401(k) provisions under section 402A of the Internal Revenue Code. The Amendment is intended as good faith compliance with the requirements of the Internal Revenue Code, is to be construed in accordance with the guidance issued thereunder and supersedes any inconsistent provisions of the plan.

Employer Information

Name of Adopting Employer Maryland Environmental Service
Address 259 Najoles Road
City Millersville State MD Zip 21108
Telephone (410) 729-8270 Adopting Employer's Federal Tax I.D. Number 52-0982511
Name of Plan Maryland Environmental Service 401(k) Savings Plan
Plan Sequence Number 001 Adopting Employer's Fiscal Year End 06/30 Vanguard Account Number 090963

NOTE: Section numbers used below correspond to the Adoption Agreement sections to which the Amendment provisions relate.

SECTION THREE: CONTRIBUTIONS

The purpose of this amendment is to allow for Roth Elective Deferrals to be made to the Plan. The contribution requirements previously selected on your Plan's Adoption Agreement with respect to Elective Deferrals will apply to Roth Elective Deferrals, except as modified below. If a Matching Contribution formula for Elective Deferrals was selected on your Plan's Adoption Agreement, that same Matching Contribution formula will be applied to Roth Elective Deferrals by the combined Matching Contribution for Pre-Tax and Roth Elective Deferrals will not exceed the amount indicated in the Adoption Agreement for Pre-Tax Elective Deferrals.

Part A. Effective Date

Roth Elective Deferrals may be made beginning 01/02/2008 (specify a date no earlier than January 1, 2006) No Roth Elective Deferrals may be made before this date.

Part B. Rollover Contributions of Roth Elective Deferrals

Will the Plan accept Direct Rollovers of Roth Elective Deferrals (select one)?

Option 1: Yes.

Option 2: No.

NOTE: If no option is selected, Option 2 shall be deemed to be selected.

SECTION FIVE: DISTRIBUTIONS AND LOANS

All distribution and loan elections previously made on your Plan's Adoption Agreement with respect to Elective Deferrals will apply to distributions and loans of Roth Elective Deferrals except as modified below.

Part A. Hardship Distributions of Roth Elective Deferrals.

If the plan permits a hardship distribution of Pre-Tax Elective Deferrals under Plan Section 5.01(A)(6), may a participant request a hardship distribution of Roth Elective Deferrals (select one)?

Option 1: Yes

Option 2: No

Option 3: N/A (By selecting this option, you are indicating that your Plan currently does not allow for hardship distributions)

NOTE: If no option is selected, Option 2 shall be deemed to be selected

Part B. Distributable Events—Attainment of Age 59 ½

If the Plan permits distributions of Pre-Tax Elective Deferrals upon the Participant's attainment of age 59 ½, may a participant request a distribution of Roth Elective Deferrals upon attainment of age 59 ½? (Select one, If the plan was established using a Simplified Adoption Agreement, you must select N/A)

Option 1: Yes

Option 2: No

Option 3: N/A (By selecting this option, you are indicating that your Plan currently does not allow for distributions upon attainment of age 59 ½)

NOTE: If no option is selected, Option 1 shall be deemed to be selected.

Signature of Employer

1. I acknowledge that I have relied upon my own advisors regarding the completion of this Amendment and the legal and tax implications of amending this Plan;
2. I understand that my failure to properly complete this Amendment may result in disqualification of the Plan; and
3. I have received a copy of this Amendment.

Signature of Adopting Employer _____ Date Signed _____
Type Name _____ Title _____

NOTE: *In order to obtain reliance with respect to plan qualification, the Employer may be required to apply to the Employee Plans Determinations of the Internal Revenue Service for a determination letter.*

Qualified Retirement Plan Roth 401(k) Basic Plan Document Amendment

This Amendment of the Plan (hereinafter referred to as "the Amendment") is comprised of this Basic Plan Document Amendment and the corresponding Adoption Agreement Amendment, and is adopted to reflect the Roth 401(k) provisions under Section 402A of the Internal Revenue Code. The Amendment is intended as good faith compliance with the requirements of the Internal Revenue Code, is to be construed in accordance with the guidance issued thereunder and supersedes any inconsistent provisions of the Plan.

NOTE: Section numbers used below correspond to the Basic Plan Document sections to which the Amendment provisions relate.

DEFINITIONS

Elective Deferral

Means any Employer Contributions made either as a Pre-Tax Elective Deferral or as a Roth Elective Deferral to the Plan at the election of the Participant or pursuant to automatic Elective Deferral enrollment, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement.

Pre-Tax Elective Deferral

A Pre-Tax Elective Deferral is an Elective Deferral that is not included in the Participant's gross income at the time deferred. Elective Deferrals will be characterized as Pre-Tax Elective Deferrals unless the Qualifying Participant designates the Elective Deferral as a Roth Elective Deferral.

Roth Elective Deferral

A Roth Elective Deferral is an Elective Deferral that is included in the Participant's gross income at the time deferred and has been irrevocably designated as a Roth Elective Deferral by the Participant in their salary reduction agreement.

Unless specifically stated otherwise, Roth Elective Deferrals will be treated as Elective Deferrals for all purposes under the Plan.

SECTION TWO: ELIGIBILITY

The eligibility requirements previously selected on your Plan's Adoption Agreement with respect to Elective Deferrals will apply to Roth Elective Deferrals.

SECTION THREE: CONTRIBUTIONS

Part A: Pre-Tax vs. Roth Elective Deferrals

Each Employee who enrolls as a Contributing Participant may specify whether their Elective Deferrals are to be characterized as Pre-Tax Elective Deferrals, Roth Elective Deferrals, or a specified combination. A Contributing Participant's election will remain in effect until superseded by another election. Elective Deferrals contributed to the Plan as one type, either Roth or Pre-Tax, may not later be reclassified as the other type.

Applicability and Effective Date: This section shall be effective as specified in the Adoption Agreement Amendment, but no earlier than January 1, 2006.

Part B: Separate Accounting

Contributions and withdrawals of Roth Elective Deferrals will be credited and debited to the Roth Elective Deferral account maintained for each Participant. The Plan will maintain a record of the amount of Roth Elective Deferrals in each Participant's account. Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Elective Deferral account and the Participant's other accounts under the Plan.

No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Elective Deferral account.

Part C: Automatic Elective Deferrals

If the automatic Elective Deferral provisions in Section 3.06(E) of the Plan apply, each Employee's Elective Deferrals shall be considered Pre-Tax Elective Deferrals.

Part D: Rollover Contributions

Notwithstanding Section 3.03 of the Plan, if the Adopting Employer so elects in the Adoption Agreement Amendment, the Plan will accept a rollover contribution to a Roth Elective Deferral account that is properly segregated and tracked according to Section 1.401(k)-1(f)(3)(ii) of the Treasury Regulations, only if it is a Direct Rollover from another Roth elective deferral account under an applicable retirement plan described in Section 402A(e)(1) of the Code and only to the extent the rollover is permitted on the Adoption Agreement Amendment and under the rules of Section 402(c) of the Code.

SECTION FIVE: DISTRIBUTIONS AND LOANS

Part A: Corrective Distributions

In the case of a distribution of Excess Deferrals, Excess Contributions, Excess Aggregate Contributions or Excess Annual Additions, the Plan Administrator, in a uniform and nondiscriminatory manner, will either determine whether the distribution of such amounts for the year will be made first from the Participant's Pre-Tax Elective Deferral account or the Roth Elective Deferral account, or a combination of both, to the extent both Pre-Tax Elective Deferrals and Roth Elective Deferrals were made for the year, or may allow Participants to specify otherwise.

If the Plan Administrator permits Participants to select the type of Elective Deferral that will be distributed for corrective distributions and the Participant does not designate which type of Elective Deferrals are to be distributed, the Plan will distribute Pre-Tax Elective Deferrals first.

Part B: Loans to Participants

If the Participant's Individual Account contains both Pre-Tax Elective Deferrals and Roth Elective Deferrals, the specific rules governing the loan program may also designate the extent to which Pre-Tax Elective Deferrals, Roth Elective Deferrals, or a combination of both will 1) be used to calculate the maximum amount available for a loan, or 2) be available as a source from which loan proceeds may be taken or which may be used as security for a loan. To the extent permitted by law and related regulations, the rules established by the Plan Administrator may specify the ordering rules to be applied in the event of a defaulted loan.

Part C: Direct Rollovers of Roth Elective Deferrals

Notwithstanding Section 5.08 of the Plan, a Direct Rollover of a distribution from a Roth Elective Deferral account under the Plan will only be made to another Roth account that is properly segregated and tracked according to Section 1.401(k)-1(f)(3)(ii) of the Treasury Regulations under an applicable retirement plan described in Section 402A(e)(1) of the Code or to a Roth IRA described in Section 408A of the Code, and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code.

The Plan will not provide for a Direct Rollover (including an automatic rollover) for distributions from a Participant's Roth Elective Deferral account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than \$200 during a year. In addition, any distribution from a Participant's Roth Elective Deferral account is not taken into account in determining whether distributions from a Participant's other accounts are reasonably expected to total less than \$200 during a year. However, Eligible Rollover Distributions from a Participant's Roth Elective Deferral account are taken into account in determining whether the total amount of the Participant's account balances under the plan exceeds \$1,000 for purposes of mandatory distributions from the Plan.

The provisions of the Plan that allow a Participant to elect a Direct Rollover of only a portion of an Eligible Rollover Distribution but only if the amount rolled over is at least \$500 is applied by treating any amount distributed from the Participant's Roth Elective Deferral account as a separate distribution from any amount distributed from the Participant's other accounts in the Plan, even if the amounts are distributed at the same time.

Part D: Distribution Ordering Rules

The Plan Administrator, in a uniform and nondiscriminatory manner, may establish operational procedures, including ordering rules as permitted under the law and related regulations, which specify whether distributions are distributed first from a Participant's Pre-Tax Elective Deferrals or Roth Elective Deferrals. The operational procedures may also include an option for Participants to designate whether the distribution is being made from Pre-Tax or Roth Elective Deferrals.

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-02-02R)**

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE PLANNING, INSPECTION, ENGINEERING, ACQUISITION, DEVELOPMENT, AND FINANCING OF ONE OR MORE PARCELS OF REAL PROPERTY IN CAROLINE COUNTY, MARYLAND, 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, inspection, engineering, acquisition, development and financing of one or more parcels of real property located in Caroline County, Maryland in conjunction with the development of the Midshore II Regional Landfill (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.

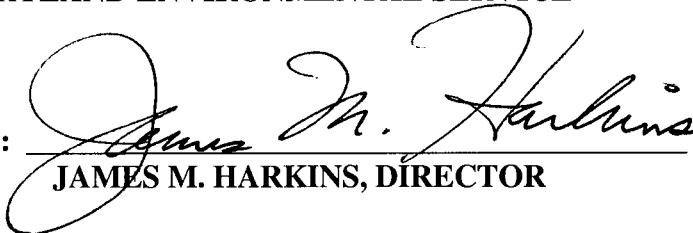
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE THAT:

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, inspection, engineering, acquisition, development 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 Two Million Dollars (\$2,000,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

ADOPTED, this 25th day of February, 2008.

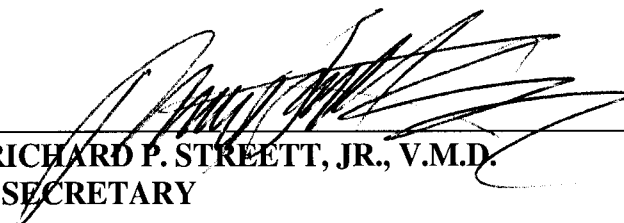
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MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH C. ZIMMERMAN, TREASURER

BY: 
RICHARD P. STREETT, JR., V.M.D.
SECRETARY

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-02-3R)

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 Eight Hundred Thousand Dollars (\$800,000.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to 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 4.00%; (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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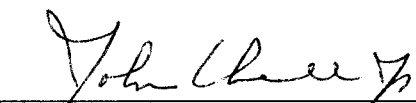
5. This Resolution shall take effect immediately.

ADOPTED, this 25th Day of February, 2008.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, Director

BY: 
JOHN O'NEILL, Jr., Deputy Director

BY: 
JOSEPH C. ZIMMERMAN, Treasurer

BY: 
RICHARD P. STREETT, JR., V.M.D.
Secretary

CAPITAL EQUIPMENT EXPENDITURES
(08-02-3R)

<u>No.</u>	<u>Description/Model</u>	<u>Estimated Cost</u>
4	Ford Escape- Hybrid	\$ 102,688.00
16	Ford F-150 Pickup Truck	\$ 329,294.00
2	Ford F-250 Pickup Truck	\$ 43,728.00
1	Ford F-450 Utility Truck	\$ 41,171.00
3	Dodge Nitro	\$ 53,571.00
1	Sludge Truck	\$ 160,000.00
	Other (contingency)	<u>\$ 69,548.00</u>
	Total	\$ 800,000.00

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-05-1R)

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 Ninety Seven Thousand Dollars (\$97,000.00), 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 4.00%; (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.

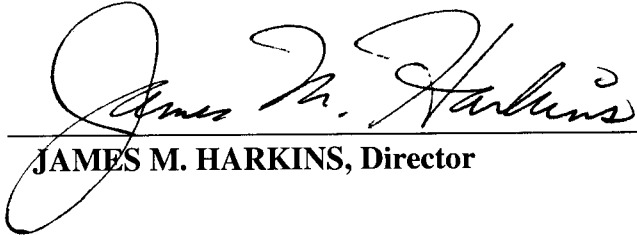
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5. This Resolution shall take effect immediately.

ADOPTED, this 19th Day of May, 2008.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, Director

BY: 
JOHN O'NEILL, Jr., Deputy Director

BY: 
JOSEPH C. ZIMMERMAN, Treasurer

BY: 
RICHARD P. STREETT, JR., V.M.D.
Secretary

CAPITAL EQUIPMENT EXPENDITURES
(08-05-1R)

<u>No.</u>	<u>Description/Model</u>	<u>Estimated Cost</u>
1	Dodge Nitro	\$ 19,881.00
1	Chevy Tahoe Hybrid	\$ 48,854.00
1	Chevy Malibu	\$ 27,567.48
	Other (contingency)	<u>\$ 697.52</u>
	Total	\$ 97,000.00

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-07-1R)**

A RESOLUTION

Permitting certain individuals assigned to the Maryland Environmental Service (the "Service") to participate in the State Sick Leave Incentive Program (the "Program").

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"). Pursuant to Section 3-103 of the Act, the Attorney General is the legal advisor for the Service. The Act further provides that the Attorney General shall assign to the Service the number of Assistant Attorneys General and other staff requested by the Service.

Assistant Attorneys General assigned to the Service are members of the State Personnel Management System established by Division I of the State Personnel and Pension Article, and not the Service's Human Resources System established pursuant to the Act. The Service provides all compensation paid to Assistant Attorneys General assigned to the Service. Agencies under the jurisdiction of the State Personnel Management System may permit employees to participate in the State Sick Leave Incentive Program established pursuant to Title 9, Subtitle 12 of the State Personnel and Pensions Article. The purpose of this resolution is to permit Assistant Attorneys General assigned to the Service to participate in the Program. The Service considers the adoption of this Resolution 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. Unless otherwise directed by the Attorney General, Assistant Attorneys General assigned to the Service may participate in the State Sick Leave Incentive Program, in accordance with the provisions of Title 9, Subtitle 12 of the State Personnel and Pensions Article.
2. An Assistant Attorney General assigned to the Service shall be reimbursed for unused

sick leave in strict accordance with the Program. The sick leave balance of a participating Assistant Attorney General shall be reduced for each hour of reimbursed unused sick leave. An Assistant Attorney General who is eligible for reimbursement for unused sick leave may elect to be reimbursed for less than the maximum amount of reimbursement to which the individual is entitled.

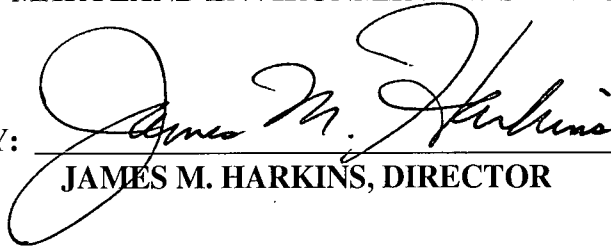
3. An Assistant Attorney General who seeks reimbursement for unused sick leave shall submit a request for reimbursement to the Service not later than January 31 of each calendar year. The Service shall pay the reimbursement within 21 days after receiving the request. The Service shall deduct from the payment any amounts it is required by law to withhold.
4. This Resolution shall take effect immediately. All sick leave used by an Assistant Attorney General during calendar year 2008 shall be included for purposes of calculating the amount of sick leave used in 2008.

ADOPTED, this 28th day of July, 2008.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: _____


JAMES M. HARKINS, DIRECTOR

BY: _____


JOHN O'NEILL, DEPUTY DIRECTOR

BY: _____


JOSEPH C. ZIMMERMAN, TREASURER

BY: _____


**RICHARD P. STREETT, JR., V.M.D.
SECRETARY**

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-07-02R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE ACQUISITION AND FINANCING OF ALL OR A PORTION OF THE INTERESTS OF A CERTAIN JOINT VENTURE 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 acquisition and financing of all or a portion of the interest of KC-Najoles Development Company in the KC-MES J.V., LLC (the "Interests"), 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 i.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 acquisition and financing of the Interests. The Service expects to issue or cause the issuance of bonds or other debt obligations in an amount not to exceed Two Million Dollars (\$2,000,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

ADOPTED, this 28th day of July, 2008.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 

JAMES M. HARKINS, DIRECTOR

BY: 

JOHN O'NEILL, DEPUTY DIRECTOR

BY: 

JOSEPH C. ZIMMERMAN, TREASURER

BY: 

**RICHARD P. STREETT, JR., V.M.D.
SECRETARY**

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-08-1R)

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 the equipment for the use and support of certain projects to be in furtherance of the purposes of the Act and the Service.

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

1. The purchase of the equipment (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.

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

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000.00), 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 Assets, 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.

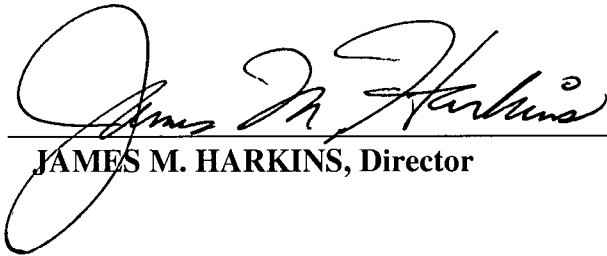
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5. This Resolution shall take effect immediately.

ADOPTED, this 14th day of August, 2008.


SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, Director

BY: 
JOHN O'NEILL, Jr., Deputy Director

BY: 
JOSEPH C. ZIMMERMAN, Treasurer

BY: 
RICHARD P. STREETT, JR., V.M.D.
Secretary

CAPITAL EQUIPMENT EXPENDITURES

(08-08-1R)

<u>No.</u>	<u>Description/Model</u>	<u>Estimated Cost</u>
1	Caterpillar 836H Landfill Compactor	\$ 1,168,277.00
	less trade-in	(48,000.00)
	Other (contingency)	<u>\$ 79,723.00</u>
	Total	\$ 1,200,000.00

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 08-09-1A R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of a Membership Interest Purchase Agreement (the "Agreement") for the acquisition of the membership interests of the KC-Najoles Development Company, LLC (the "Seller") in the KC-MES J.V., LLC, a Maryland limited liability company (the "Company"), and related instruments and documents; confirming the Service's rights and obligations under the Operating Agreement of the Company (the "Operating Agreement"), and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2007 Replacement Volume), as amended to date (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 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, and (iii), to create, with the approval of the Board, private corporations.

The Service and the Seller collectively own one hundred percent (100%) of the outstanding interests of the Company, with their respective duties, obligations and rights as set forth in an Operating Agreement dated September 30, 2002 by and between the Service and the Seller (the "Operating Agreement"). Since 2002 the Company has constructed, financed and managed the Service's headquarters building at 259 Najoles Road in Millersville, Maryland. Pursuant to an office lease dated October 2, 2002, as amended, the Service currently leases from the Company nearly all of the office space in the building. In accordance with a lease amendment dated August 29, 2008, the Service will lease one hundred percent of the building effective October 1, 2008.

Pursuant to the Operating Agreement, the Seller is the Manager of the Company and owns fifty percent (50%) of the outstanding Interests (as defined in the Operating Agreement) of the Company. The Service owns the remaining fifty percent (50%) of the outstanding Interests of the Company. The Operating Agreement includes a provision permitting the Service to purchase the Seller's Interests in the Company after completion of the tenth lease year of the office lease. Notwithstanding the terms of such provision, the Service has agreed to purchase the Seller's Interests in the Company prior to the tenth lease year.

The most recent draft of the Membership Interests Purchase Agreement is attached hereto as, Exhibit "A." The Service proposes to enter into Agreement substantially in the form presented to this meeting.

The Service considers the acquisition of the Seller's Interests in the Company, its continued participation in the Company, and all other transactions contemplated by this Resolution, to be in furtherance of the public purposes of the Act and the Service.

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

1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.
2. The Board hereby finds and determines that the acquisition by the Service of the Seller's Interests in the Company, under terms and conditions negotiated by the Director, and pursuant to the terms of the Agreement in substantially the form presented to this meeting and incorporated in this Resolution, is in the best interest of the Service.
3. The Agreement is hereby approved. The Director of the Service is hereby authorized to execute, acknowledge and deliver the Agreement with any changes, insertions and omissions therein as may be approved the Director, under the terms and conditions the Director deems to be in the best interest of the Service, such approval to be conclusively evidenced by such execution and delivery of the Agreement. The Director, Deputy Director, Treasurer, and Secretary of the Service are each hereby authorized to affix the official seal of the Service to the Agreement and attest the same.
4. The Board hereby finds and determines that the Service's continued participation in the Company pursuant to the Operating Agreement is in the best interests of the Service.
5. The Board hereby confirms the Service's rights and obligations under the Operating Agreement.
6. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other steps and to execute and deliver such other documents, agreements, amendments, certificates, papers, notices, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, the Agreement, and the Operating Agreement.
7. The execution by the Director of the Service of any document authorized herein to be executed by the Director shall constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Board.


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

ADOPTED, this 15th day of September, 2008.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

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

BY: 
JOSEPH ZIMMERMAN, TREASURER

BY: 
RICHARD P. STREETT, JR. V.M.D., SECRETARY

MEMBERSHIP INTERESTS PURCHASE AGREEMENT

BY AND BETWEEN

MARYLAND ENVIRONMENTAL SERVICE

AND

KC-NAJOLES DEVELOPMENT COMPANY, LLC

MEMBERSHIP INTERESTS PURCHASE AGREEMENT

This Membership Interests Purchase Agreement ("Agreement") is entered into as of September [], 2008, by and between Maryland Environmental Service, an agency and instrumentality of the State of Maryland ("Buyer") and KC-Najoles Development Company, LLC, a Maryland limited liability company ("Seller"), the terms of which are as set forth below:

RECITALS

A. Buyer and Seller collectively own one hundred percent (100%) of the outstanding Interests of KC-MES J.V., LLC, a Maryland limited liability company ("Company"), with their respective duties, obligations and rights as set forth in that certain Operating Agreement of KC-MES J.V., LLC, dated September 30, 2002 by and between Buyer and Seller ("Operating Agreement"). Capitalized terms used but not defined herein shall have meanings given in the Operating Agreement.

B. The purpose of the Company is to acquire, hold, develop, mortgage, lease, sell and otherwise manage a two story office building consisting of approximately 42,790 square feet of enclosed area ("Project") located on approximately five (5) acres of land at 259 Najoles Road in Millersville, Maryland ("Real Property"), and as further described in the Operating Agreement.

C. Pursuant to the Operating Agreement, Seller is the Manager of the Company and owns fifty percent (50%) of the outstanding Interests of the Company. Buyer currently owns the remaining fifty percent (50%) of the outstanding Interests of the Company.

D. Seller has agreed to sell its Interest to Buyer (the "Seller Interests") and, notwithstanding the terms of Section 6.02 of the Operating Agreement which describes the option available to Buyer to purchase the Seller Interests after completion of the 10th Lease Year (as defined in the Project Lease, which term is defined below) and the price and other terms of such purchase option, Buyer has agreed to buy the Seller Interests.

E. Following the transactions contemplated by this Agreement (collectively, the "Transactions"), Buyer will be the sole owner of all of the issued and outstanding membership interests of the Company.

THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. SALE OF SELLER INTEREST; CLOSING.

1.1 Sale of Seller Interests.

(a) Subject to the terms and conditions of this Agreement, at the Closing (as defined below), Seller shall sell and transfer the Seller Interests to Buyer.

(b) In consideration for the sale of the Seller Interests, Seller shall receive from Buyer one million seven hundred twenty thousand one hundred twenty and 65/100 dollars (\$1,720,120.65) (the "Purchase Price"), in immediately payable funds, wired to a bank account to be provided to Buyer at least five (5) days before Closing.

1.2 Transfer of Seller Interests. Transfer of the Seller Interests at Closing shall be evidenced by an Assignment of Membership Interests ("Assignment of Interests") substantially in the form attached hereto as Exhibit A.

1.3 Closing and Effective Date.

(a) **The Closing.** The purchase and sale described herein (the "Closing") shall take place at the offices of Buyer, 259 Najoles Road, Millersville, Maryland 21108, at 10:00 a.m. on the 19th day of September 2008, or at some other place, date and time as may be permitted under this Agreement or by mutual agreement between Buyer and Seller; provided that, on such date, all conditions to Closing described in Sections 5 and 6 shall have been satisfied or waived by and as of such date. Such date and time are referred to herein as the "Closing Date." Signatures required for the Closing may be transmitted by facsimile to counsel for Seller and Buyer. To the extent that the Lender Consent Letter (hereinafter defined) is not received as of such date, then said date shall be extended by up to an additional thirty (30) days to provide the Seller with additional time to obtain the Lender Consent Letter.

(b) **Effect of Delays.** Except as provided in Section 8, failure to consummate the Closing on the dates and at the places selected pursuant to this Section 1.3 shall not result in any termination of this Agreement and shall not relieve any party to this Agreement of any obligation hereunder.

1.4 Closing Obligations. At the Closing,

(a) The Seller will deliver to Buyer:

(i) the Assignment of Interests executed by Seller as assignor;

(ii) a certificate executed by all members of the Seller representing and warranting to Buyer that (i) all of the Seller's and the Company's representations and warranties contained in this Agreement are accurate in all material respects as of the Closing Date, and (ii) all of the books, records and accounts of the Company provided to Buyer at Closing are complete and accurate in all material respects;

(iii) certificates of good standing of the Seller and of the Company issued by the State Department of Assessments and Taxation of Maryland no more than five (5) days prior to the Closing Date;

(iv) resolutions of the Company adopted by the Seller authorizing the transactions contemplated by this Agreement;

(v) resolutions of the Seller adopted by all of the members of the Seller authorizing the transactions contemplated by this Agreement;

(vi) all of the books, records and accounts of the Company;

(vii) a certificate of incumbency of Seller certifying the title and signature(s) of the person(s) authorized to consummate the transactions contemplated hereunder;

(viii) a letter of resignation and release as Manager of the Company in form reasonably satisfactory to Buyer;

(ix) a letter of consent (the "Lender Consent Letter") by Delaware Investment Advisors on behalf of The Lincoln National Life Insurance Company, successor by merger to Jefferson-Pilot Life Insurance Company (the "Lender") in relation to that certain Promissory Note dated July 29, 2004, made by the Company to the order of the Lender in the principal sum of Five Million Five Hundred Thousand Dollars (\$5,500,000) (the "Senior Loan") and authorizing the Transactions; and

(x) such other documents as Buyer shall reasonably request.

(b) The Buyer will deliver to Seller:

(i) the Purchase Price;

(ii) the Assignment of Interests executed by Buyer as assignee;

(iii) resolutions of the Company adopted by the Buyer authorizing the transactions contemplated by this Agreement;

(iv) a certificate executed by Buyer representing and warranting to the Seller that all of Buyer's representations and warranties contained in this Agreement are accurate in all material respects as of the Closing Date;

(v) a certificate of incumbency for Buyer certifying the title and signature(s) of the person(s) authorized to consummate the transactions contemplated hereunder; and

(vi) such other documents as Seller shall reasonably request.

1.5 Condition of Project. Subject to and without limiting the representations and warranties described herein, Buyer shall accept the Project and Real Property "as is", where is, with all known and unknown faults and defects which may exist, provided however, that this Section 1.5 shall not limit the indemnification obligations of Seller pursuant to Section 7 hereof or any other liability of Seller arising by reason of this Agreement or the Charter Documents.

2. REPRESENTATIONS AND WARRANTIES OF SELLER AND COMPANY.

Seller represents and warrants for itself and for the Company, in its capacity as Manager of the Company, to Buyer as follows:

2.1 Existence. Seller and the Company are limited liability companies that have been duly organized, are validly existing and in good standing under the laws of the State of Maryland, and have full power and authority to carry on their business as presently conducted. The Seller has delivered to Buyer true, accurate and complete copies of the Articles of Organization and the Operating Agreement of the Company (collectively, "Charter Documents"), and to the knowledge of Seller in its capacity as Manager of the Company, the Company is not in violation of any of the Charter Documents. Other than this Agreement and as stated in the Recitals, there are no outstanding warrants, options or rights of any kind to acquire from Seller the Seller Interests or any other ownership interest or equity securities in Company.

2.2 Due Authorization; Validity. The Seller has the full legal right, power and authority to enter into this Agreement and the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Seller and the performance by Seller of the transactions contemplated herein have been duly and validly authorized by all requisite limited liability company action and no further action is necessary to authorize and implement such transactions or to make this Agreement valid and binding upon Seller in accordance with its terms. To the extent any further approval is required by Seller in order to enter into this Agreement or to perform its obligations hereunder, then such approval has been obtained by Seller or will be obtained by Seller on or before the Closing.

2.3 No Conflicts. Other than this Agreement, to the knowledge of Seller in its capacity as Manager of the Company, the execution, delivery and performance of this Agreement by Seller, the consummation of the transactions contemplated hereby by Seller, and the fulfillment of the terms hereof by Seller will not:

(a) conflict with, or result in a breach or violation of, any of the Charter Documents;

(b) conflict with, or result in a default (or would constitute a default but for any requirement of notice or lapse of time or both) under, any document, agreement or other instrument to which the Seller or the Company is a party or by which the Seller or the Company is bound (including without limitation, the Mortgage Loan or any document or instrument related thereto), or result in the creation or imposition of any lien, charge or encumbrance on any of the Company's properties pursuant to (i) any law or regulation to which the Company or any of its property or the Project or the Real Property is subject, or (ii) any judgment, order or decree to which the Company is bound or any of its property or the Project or the Real Property is subject;

(c) result in termination or any impairment of any permit, license, contractual right or other authorization of the Seller or of the Company; or

(d) violate any law, order, judgment, rule regulation, decree or ordinance to which the Seller or the Company is subject or by which the Seller or the Company is bound.

2.4 Capitalization. The Seller Interests constitute fifty percent (50%) of all of the authorized and outstanding Interests of the Company. The Seller Interests have been duly authorized, validly issued, fully paid and nonassessable, and are owned of record and beneficially by the Seller and are either (a) free and clear of any lien, encumbrance or claim of any kind, or (b) to the extent there is any lien, encumbrance or claim of any kind upon the Seller Interests, such lien, encumbrance or claim is waived in accordance with the Lender Consent Letter. The Seller Interests were offered, issued, sold and delivered by the Company in compliance with all applicable state and federal laws concerning the issuance of securities. Further, no part of the Seller Interests were issued in violation of any preemptive rights. Other than the Operating Agreement, there are no voting agreements or voting trusts with respect to the Seller Interests. Other than this Agreement and the Operating Agreement, there are no contracts relating to the issuance, sale, voting, or transfer of any equity interest or other securities (including warrants and options) of the Company.

2.5 Material Contracts. Seller has delivered to Buyer or made available to Buyer true and complete copies of all written contracts, and true and complete descriptions of all oral contracts which obligate the Company to pay Ten Thousand Dollars (\$10,000) or more on a one-time basis or in the aggregate (including any amendments and other modifications to such contracts) (collectively, "Material Contracts"). To the knowledge of Seller in its capacity as Manager of the Company, all of the Material Contracts are in full force and effect and are valid, binding, and enforceable in accordance with their terms except as the enforceability of such Material Contracts may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies. Seller, in its capacity as Manager of the Company, has complied and has caused the Company to comply with all material obligations under all Material Contracts, and to Seller's knowledge no event has occurred which constitutes a default by the Company or any other party thereto, or which with the passage of time or the giving of notice or both would constitute a default by the Company or any other party thereto, as to any such Material Contract or which would permit the other party thereto to terminate such agreement. Other than in the ordinary course of its business, to the Seller's knowledge in its capacity as Manager of the Company, no party to a Material Contract has any intention (a) to terminate such Material Contract or amend the terms thereof; (b) to refuse to renew the Material Contract upon expiration of its term; or (c) to renew the Material Contract upon expiration only on terms and conditions that are more onerous than those now existing. All Material Contracts are listed on Schedule 2.5 hereto.

2.6 No Government Contracts. To the knowledge of Seller in its capacity as Manager of the Company and except as listed on Schedule 2.6 hereto, the Company is not a party to any contract with any governmental authority.

2.7 Taxes. The Company has timely filed its tax returns and reports required to be filed by it, including, without limitation, all federal, state and local income, franchise and withholding tax returns and statements, and Seller, in its capacity as Manager of the Company, has caused the Company to pay in full all taxes and similar charges which have become due on or before the Closing Date, unless such are being contested in good faith. There are no tax liens upon any property or assets of Company, and the Company has no liability for taxes of any nature

whatsoever, whether or not contingent, known, due or payable, imposed with respect to periods ending on or before the Closing Date. Schedule 2.7 to this Agreement sets forth all federal, state and local income, franchise, withholding, property and other taxes owed by the Company that are or will be due and payable for fiscal year 2008.

2.8 Compensation and Benefits; Labor Matters. The Company does not currently have and has never had any employees.

2.9 Litigation and Proceedings. Except as described in Schedule 2.9 attached hereto, there are no legal claims, actions, suits, arbitrations or other legal, administrative or governmental proceedings pending or, to the knowledge of Seller in its capacity as Manager of the Company, threatened against the Company, the Real Property or the Project. To the knowledge of Seller in its capacity as Manager of the Company, the Company is not in default with respect to any judgment, order or decree of any court, governmental agency or instrumentality. Schedule 2.9 contains a complete and accurate description of the status of any matter covered thereby, and the Company carries adequate insurance to cover the costs, expenses and damages of each of the matters described therein.

2.10 Compliance with Law and Instruments. To the knowledge of the Seller, in its capacity as Manager of the Company, Seller has caused the business and operations of the Company to be conducted in compliance with all applicable laws, rules, regulations and licensing requirements of all authorities, including, without limitation, all applicable rules, regulations and licensing requirements under federal and Maryland law, the violation of which, individually or in the aggregate, could adversely affect in any material way the financial condition, results of operation or business of the Company. To the knowledge of the Seller, no governmental consent, review or other process is required in order for the Company to continue its business following the consummation of the transactions contemplated hereby.

2.11 Absence of Certain Changes. Since the date of the most recent Financials (as defined below), the Company has conducted its business in the ordinary course and, except as contemplated in this Agreement or as set forth on Schedule 2.11 or as reflected in the Annual Budget (as defined below), there has not been:

(a) any material change, by itself or together with other changes, that has affected adversely, or to Seller's knowledge in its capacity as Manager of the Company, is likely to affect materially and adversely, the business, operations, affairs, prospects, properties, assets, profits or condition (financial or otherwise) of the Company;

(b) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the Project or the Real Property;

(c) any change in the Company or in its outstanding securities or any change in ownership of the Seller Interests, or any grant of any options, warrants, calls, conversion rights or commitments;

(d) any direct or indirect redemption, purchase or other acquisition of the Seller Interests;

(e) any material sale or transfer, or any agreement to sell or transfer, any material assets, property or rights of the Company, including any part or portion of the Project, to any person, including without limitation the Company's members, managers or affiliates;

(f) any cancellation, or agreement to cancel, any indebtedness or other material obligation owing to the Company, including without limitation any indebtedness or obligation of the Company's members, managers and affiliates, provided that the Company may negotiate and adjust bills in the course of good faith disputes with customers in a manner consistent with past practice;

(g) any plan, agreement or arrangement granting any preferential rights to purchase or acquire any interest in any of the material assets, property or rights of the Company, including the Project, or requiring consent of any party to the transfer and assignment of any such assets, property or rights;

(h) any purchase or acquisition of, or agreement, plan or arrangement to purchase or acquire, any property, rights or assets outside of the ordinary course of business of the Company;

(i) any waiver of any material rights or claims of the Company;

(j) any material breach by the Company, amendment or termination of any Material Contract, agreement, license, permit or other right to which the Company is a party, and with regard to any other party to any Material Contract, to Seller's knowledge in its capacity as Manager of the Company, any material breach by such counterparty;

(k) any transaction by the Company outside the ordinary course of business;

(l) any capital commitment by the Company, either individually or in the aggregate, exceeding ten thousand dollars (\$10,000);

(m) any change in accounting methods or practices (including any change in depreciation or amortization policies or rates) by the Company or the revaluation by the Company of any of its assets;

(n) any material creation or assumption by the Company of any mortgage, pledge, security interest or lien or other encumbrance on any asset (other than liens arising under existing lease agreements with tenants and liens for taxes not yet due and payable);

(o) any entry into, amendment of, relinquishment, termination or non-renewal by the Company of any contract, lease transaction, commitment or other right or obligation requiring aggregate payments by the Company in excess of ten thousand dollars (\$10,000);

(p) any loan by the Company to any person or entity, incurrence by the Company of any indebtedness, guaranteeing by the Company of any indebtedness, issuance or sale of any debt securities of the Company or guaranteeing of any debt securities of others;

(q) the commencement or notice or, to the knowledge of the Seller in its capacity as Manager of the Company, threat of commencement, of any lawsuit or proceeding against, or investigation of, the Company or any of its affairs; or

(r) negotiation or agreement by the Company or any member or manager thereof to do any of the things described in the preceding clauses (a) through (q) (other than negotiations with Buyer and its representatives regarding the transactions contemplated by this Agreement).

2.12 Real Property and Project. The Real Property is currently owned by Buyer and is leased by Company from Buyer pursuant to a Ground Lease dated September 30, 2002 for a forty (40) year initial term ("Ground Lease"). Approximately 39,228 rentable square feet of the Project are leased by Buyer from the Company pursuant to a Lease dated October 2, 2002 for a twenty (20) year term (as amended, "Project Lease"). To Seller's knowledge in its capacity as Manager of the Company and, except as provided in Schedule 2.12 hereto, no person or entity other than Buyer has any option or right of first refusal to purchase, occupy, lease or rent the Real Property, the Project or any portion thereof. In addition, Seller, in its capacity as Manager of the Company, makes the following representations and warranties regarding the Real Property and the Project:

(a) The Ground Lease is in full force and effect and constitutes the valid and binding agreement of the parties thereto. Company is not in default under the Ground Lease and, to Seller's knowledge in its capacity as Manager of the Company, no event or condition has occurred or exists which, with the passage of time, the giving of notice or both, would cause the Company to be in default thereunder.

(b) The Project Lease is in full force and effect and constitutes the valid and binding agreement of the parties thereto. Buyer is not in default under the Project Lease and, to Seller's knowledge in its capacity as Manager of the Company, no event or condition has occurred or exists which, with the passage of time, the giving of notice or both, would cause the Buyer to be in default thereunder.

(c) All improvements located on the Real Property, including the Project, which require government approval have been approved by all government authorities having jurisdiction. To the extent required by any applicable law, rule or regulation, a certificate of occupancy and all licenses, permits, authorizations and approvals required by all governmental authorities having jurisdiction were issued for such improvements when initially constructed.

(d) All utilities required for the operation of the Real Property and the Project as of the Closing Date are installed and operating and all installation and connection charges have been paid in full.

(e) To the knowledge of Seller in its capacity as Manager of the Company, there are no material structural defects in any of the improvements, including the Project, located on the Real Property. The heating, electrical, plumbing and drainage systems at or servicing the Real Property and the Project and all facilities and equipment relating thereto are in good working condition and repair in all material respects, ordinary wear and tear excepted, and the Real Property and the Project are adequate for the business of the Company.

(f) No portion of the Real Property or the Project is subject to or affected by any special assessment, whether or not such special assessment constitutes a lien on the Real Property or the Project. Seller has provided Buyer with complete copies of all property tax statements for the current year.

2.13 Annual Budget. Attached hereto as Schedule 2.13 is the annual budget of the Company for the period from July 1, 2008 through June 30, 2008 (the "Annual Budget"), a copy of which has been previously provided to, and has been consented to by, Buyer.

2.14 Retirement Plans. The Company does not now maintain or participate in and has never maintained or participated in any pension, profit sharing or retirement plan, nor does it otherwise participate in, nor has it ever otherwise participated in, any multi-employer pension or retirement plan.

2.15 Insurance Policies. Schedule 2.15 sets forth a complete and accurate list, as of the date hereof, of all insurance policies carried by the Company. The Company has delivered to Buyer true, complete and correct copies of all current insurance policies, all of which are in full force and effect. All premiums payable under all such policies have been paid in accordance with the terms of such policies and the Company is otherwise in full compliance with the material terms of such policies. To the knowledge of the Seller in its capacity as Manager of the Company, there have been no threatened terminations of, or material premium increases with respect to, any of such policies.

2.16 No Finders or Brokers. As a result of any act or failure to act by Seller for itself or for the Company in its capacity as Manager of the Company, or any of its officers, members, partners, shareholders, trustees, beneficiaries or other affiliates, no person or entity has, or as a result of the transactions contemplated hereby will have, any right, interest or claim against or upon Buyer or any of its affiliates for any commission, fee or other compensation as a finder, broker or in any similar capacity.

2.17 Knowledge. As used in this Agreement, "to the knowledge of Seller" and similar phrases shall mean (i) with respect to the Company, all matters reflected in any documents or files in the possession of Seller and Company and any matter or information accessible to a reasonably prudent business person; and (ii) with respect to the Seller, the actual knowledge of Kenneth F. Morrell, Craig P. Morrell, Jana T. Fisher (the "Designated Parties"), the Designated Parties being the parties charged with knowledge of the subject matter of such representations and warranties or having made investigation and inquiry of those representatives, agents, consultants and employees of Seller and the Company who would have knowledge of the subject matter of such representations and warranties; provided that so qualifying Seller's

knowledge shall in no event give rise to any personal liability on the part of the Designated Parties, or any of them, or any other officer or employee of Seller, on account of any breach of any representation or warranty made by Seller herein.

2.18 Title to Seller Interests. Upon the acquisition by Buyer of the Seller Interests on the Closing Date, Buyer will have good title to the Seller Interests subject to no mortgage, pledge, lien, security interest, encumbrance or restriction, with the exception of the Senior Loan, and any and all rights, powers and interest conferred upon Seller pursuant to the Operating Agreement shall be of no further force or effect.

2.19 Untrue Statements. This Agreement does not and will not include any untrue statement of a material fact by Seller.

2.20 Financial Statements. Seller has previously provided to Buyer true, complete and correct copies of the Company's unaudited financial and income statements for the 2002 through 2007 fiscal years ("Financials"). Each unaudited balance sheet included in the Financials presents fairly the financial condition of the Company as of the date indicated thereon, and each of the income statements included in the Financials presents fairly the results of its operations for the periods indicated thereon. Since the dates of the Financials, there have been no material changes in the Company's accounting practices. The Financials do not exclude any material asset or omit to state any material liability, absolute or contingent, or other material fact, that is required under generally accepted accounting principles to be included therein.

2.21 Governmental and other Third Party Approvals and Consents. To the knowledge of Seller in its capacity as Manager of the Company and except as provided on Schedule 2.21, there are no governmental approvals or consents, or approvals or consents required from any other third parties in order to consummate the transactions contemplated by this Agreement or to carry on the business of the Company after the Closing Date in substantially the same manner as conducted immediately prior to the Closing Date.

2.22 Subsidiaries, Stock, and Notes. The Company (a) has no subsidiaries, (b) does not own or control any interest in any other entity of any kind, and (c) holds no promissory notes.

2.23 Complete Copies of Materials; Books and Records. The Seller has delivered to Buyer true and complete copies of each agreement, contract, commitment or other document (or summaries thereof) that is referred to in the Schedules or that has been requested in writing by Buyer prior to the date hereof. The Seller and the Company have made and kept books and records, which, in reasonable detail, accurately and fairly reflect the activities of the Company. The Company has not engaged in any material transaction, maintained any bank account, or used any Company funds except for transactions, bank accounts, and funds, which have been and are reflected in its normally maintained books and records.

2.24 No Power of Attorney. To the knowledge of Seller in its capacity as Manager of the Company, no person or entity holds any power of attorney from the Company.

2.25 No Loans. Seller, in its capacity as Manager and Member of the Company, has not made any loans to the Company, and there are no amounts owed now or in the future by the Company to the Seller by reason of any loans.

2.26 No Fees. Seller, in its capacity as Manager of the Company, is not owed any fees, payments or reimbursements by the Company or Buyer, and has no grounds to claim any such fees, payments or reimbursements from the Company or the Buyer other than the management fee described in Section 8.01 of the Operating Agreement, which management fee is owed by the Company to Seller and the amount and payment due date of such management fee are as set forth on Schedule 2.26 hereto.

2.27 Disclosure. All written agreements, lists, schedules, instruments, exhibits, documents, certificates, reports, statements and other writings furnished to Buyer pursuant hereto or in connection with this Agreement or the transactions contemplated hereby, are and will be complete and accurate in all material respects. No representations or warranty by the Seller or the Company contained in this Agreement, in the Schedules attached hereto or in any certificate furnished or to be furnished by the Seller or the Company to Buyer in connection herewith or pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact known to the Seller that has specific application to such persons or entities or the Company (other than general economic or industry conditions) and that materially adversely affects or, as far as such persons or entities can reasonably foresee, materially threatens, the assets, business, prospects, financial condition, or results of operations of the Company that has not been set forth in this Agreement or any Schedule hereto.

3. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer represents and warrants to Seller as follows:

3.1 Existence and Good Standing. Buyer is an agency and instrumentality of the State of Maryland that has full power and authority to carry on its business as presently conducted.

3.2 Due Authorization. The execution, delivery and performance of this Agreement and the other documents and agreements provided for herein by Buyer have been duly authorized by all requisite action of its applicable governing body, and no further action is necessary to make this Agreement and such other documents and agreements valid and binding upon Buyer in accordance with their respective terms.

3.3 Compliance with Contracts and Instruments. No provision exists in any agreement to which Buyer is a party or by which its assets are bound, which would be violated by the execution, delivery or consummation of this Agreement or the transactions contemplated hereby.

3.4 Investment Intent. Buyer acknowledges that the Seller Interests to be transferred to Buyer pursuant hereto have been issued and will be transferred pursuant to exemptions from registration under the federal Securities Act of 1933 and the state securities

laws of the State of Maryland. Buyer is acquiring such interest in Company for investment purposes only and Buyer has no present intent to distribute, resell, pledge or otherwise dispose of any interest in Company. Buyer acknowledges that Buyer has had a reasonable opportunity, at a reasonable time prior to the date hereof, to ask questions of and receive answers from Seller and Company concerning the Seller Interests, and all such questions have been answered to Buyer's full satisfaction. Buyer further acknowledges that Buyer has had a reasonable opportunity to obtain information necessary to analyze the nature and consequences of the investment, and to evaluate the merits and risks of the investment.

3.5 No Finders of Brokers. As a result of any act or failure to act by Buyer for itself, or any of its officers, members, partners, shareholders, trustees, beneficiaries or other affiliates, no person or entity has, or as a result of the Transactions will have, any right, interest or claim against or upon Seller, Company or any of its affiliates for any commission, fee or other compensation as a finder, broker or in any similar capacity.

3.6 No Breach or Default. To the knowledge of Buyer, (a) the Ground Lease is in full force and effect and constitutes the valid and binding agreement of the parties thereto; (b) Company is not in default under the Ground Lease and no event or condition has occurred or exists which, with the passage of time, the giving of notice or both, would cause the Company to be in default thereunder; (c) the Project Lease is in full force and effect and constitutes the valid and binding agreement of the parties thereto; and (d) the Buyer is not in default under the Project Lease and no event or condition has occurred or exists which, with the passage of time, the giving of notice or both, would cause the Buyer to be in default thereunder. As used in this Agreement, "to the knowledge of Buyer" and similar phrases shall mean all matters reflected in any documents or files in the possession of Buyer and any matter or information accessible to a reasonably prudent business person.

4. PRE-CLOSING COVENANTS.

4.1 Due Diligence. From the date hereof until Closing or the termination of this Agreement, Seller, in its capacity as Manager of the Company, will afford authorized representatives of Buyer with reasonable access to all financial, operational and statistical books and records relating to the Seller (in relation to its activities as Manager of the Company), to the Company and to the Company's employees. Buyer and Seller agree that the rights set forth in this Section 4.1 are more expansive than the review and inspection rights provided under the Maryland Limited Liability Company Act.

4.2 Costs of Agreement. Each party hereto agrees to bear all of its own expenses incurred in preparing or complying with this Agreement, including, without limitation, all legal and accounting expenses and fees.

4.3 Taxes. Seller and Buyer shall be responsible, in proportion with their respective percentage interests in the Company, for the payment of federal, state and local income taxes and the defense of tax audits with respect to all federal, state and local income taxes relating to the Company's operations for all periods ending on or before the Closing Date. [In the case of any period beginning before and ending after the Closing Date, the Seller and Buyer

shall be responsible for the payment of an amount of the federal, state and local income taxes imposed in respect of such period equal to the amount which would have been imposed on the Company if the taxable year of the Company for federal, state and local income tax purposes had ended on the Closing Date, and Buyer shall be responsible for the balance.^{1]} In addition, Seller and Buyer shall be responsible, in proportion with their respective percentage interests in the Company, for the payment of all other taxes, interest, additions to taxes and penalties relating to the Company's operations up to the Closing Date. Buyer shall be responsible for all taxes and penalties relating to the operations of the Company after the Closing Date.

4.4 Cooperation.

(a) The Company, the Seller and the Buyer shall each deliver or cause to be delivered to the other on the Closing Date, and at such other times and places as shall be reasonably agreed to, such instruments as the other may reasonably request for the purpose of carrying out this Agreement.

(b) The Seller shall, and shall cause the Company to, cooperate and use its reasonable efforts to have the present managers, officers, and employees of the Seller and the Company cooperate with Buyer on and after the Closing Date in furnishing information, evidence, testimony and other assistance in connection with any filing, obligations, actions, proceedings, arrangements or disputes of any nature with respect to matters pertaining to all periods prior to the Closing Date.

(c) Each party hereto shall reasonably cooperate with the other in obtaining all consents and approvals required under this Agreement to effect the transactions contemplated hereunder.

4.5 [Intentionally Omitted]

4.6 Conduct of Business Pending Closing. Between the date hereof and the Closing Date, the Seller, in its capacity as Manager, shall cause the Company, except as requested or agreed by Buyer and consented to by the Company, to:

(a) carry on its business in substantially the same manner as it has heretofore and not introduce any material new method of management, operation or accounting;

(b) maintain its properties and facilities, including without limitation the Project, in as good working order and condition as at present, ordinary wear and tear excepted;

(c) perform all of its obligations under agreements relating to or affecting its respective assets, properties or rights;

¹ To be reviewed by MW tax counsel.

(d) keep in full force and effect present insurance policies or other comparable insurance coverage;

(e) use all commercially reasonable efforts to maintain and preserve its business organization intact, retain its present officers and key employees and maintain its relationships with suppliers, vendors, customers, creditors and others having business relations with it;

(f) maintain material compliance with all material permits, laws, rules and regulations, consent orders, and all other orders of applicable courts, regulatory agencies and similar governmental authorities; and

(g) maintain present debt and lease instruments and not enter into new or amended debt or lease instruments.

4.7 Prohibited Activities. Except as otherwise disclosed herein or in Exhibit A or the Schedules hereto, between the date hereof and the Closing Date, the Company shall not, without the prior written consent of Buyer:

(a) issue, deliver or sell, authorize or propose the issuance, delivery or sale of any securities, options, warrants, calls, conversion rights or commitments relating to its securities of any kind, or authorize or propose any change in its equity capitalization, or issue or authorize the issuance of any debt securities;

(b) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or purchase, redeem or otherwise acquire or retire for value any shares of its stock;

(c) enter into any contract or commitment or incur or agree to incur any liability or make any capital expenditures, or guarantee any indebtedness, except in the ordinary course of business and consistent with past practice in an amount in excess of ten thousand dollars (\$10,000), including agreements for tenant improvements;

(d) hire any employees or create any employee benefit plans of any kind;

(e) create or assume any mortgage, pledge or other lien or encumbrance upon any assets or properties whether now owned or hereafter acquired, including without limitation the Project and the Real Property;

(f) sell, assign, lease, pledge or otherwise transfer or dispose of any property or equipment except in the ordinary course of business consistent with past practice;

(g) acquire or negotiate for the acquisition of (by merger, consolidation, purchase of a substantial portion of assets or otherwise) any business or the start-

up of any new business, or otherwise acquire or agree to acquire any assets that are material, individually or in the aggregate, to the Company;

(h) merge or consolidate or agree to merge or consolidate with or into any other entity;

(i) waive any material rights or claims of the Company, provided that the Company may negotiate and adjust bills and rents in the course of good faith disputes with customers in a manner consistent with past practice;

(j) commit a breach of or amend or terminate any material agreement, permit, license or other right;

(k) enter into any other transaction (i) that is not negotiated at arm's length with a third party not affiliated with the Company or any manager, officer, director or member of the Company, (ii) outside the ordinary course of business consistent with past practice, or (iii) otherwise prohibited by this Agreement or the Operating Agreement;

(l) commence a lawsuit other than for routine collection of bills or rents;

(m) revalue any of its assets, including without limitation, writing down the value of inventory or writing off notes or accounts receivable or outstanding rents other than in the ordinary course of business consistent with past practice;

(n) make any tax election other than in the ordinary course of business and consistent with past practice, change any tax election, adopt any tax accounting method other than in the ordinary course of business and consistent with past practice, change any tax accounting method, file any tax return (other than any estimated tax returns, payroll tax returns or sales tax returns) or any amendment to a tax return, enter into any closing agreement, settle any tax claim or assessment, or consent to any tax claim or assessment, without the prior written consent of Buyer; or

(o) take, or agree (in writing or otherwise) to take, any of the actions described in Sections 4.7(a) through (n) above, or any action which would make any of the representations and warranties of the Seller and the Company contained in this Agreement untrue or result in any of the conditions set forth in Article 5 not being satisfied.

5. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER.

The obligations of Buyer hereunder are, at the option of Buyer, subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

5.1 Accuracy of Representations and Warranties. The representations and warranties of Seller and the Company contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date. All of the agreements, covenants,

terms and conditions of Seller and the Company to be performed, complied with or satisfied on or before the Closing Date pursuant to the terms hereof shall have been performed in all material respects. Seller shall have delivered to Buyer (a) all items required to be provided in Section 1.4(a) hereof, and (b) any other evidence reasonably requested by Buyer with respect to the authorization of this Agreement and the transactions contemplated hereby by Seller and each of the members of Seller.

5.2 Action Restraining or Affecting Transaction. No action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit the sale of the Seller Interests, or which in the opinion of Buyer may otherwise materially and adversely affect the Seller Interests, and no third party or governmental agency or body shall have taken or threatened any action with respect to the Seller Interests or the transactions contemplated hereby as a result of which Buyer deems it inadvisable to proceed with the transactions contemplated hereunder.

5.3 Material Changes. There shall have been no material adverse changes in the business, operations, affairs, prospects, properties, assets, existing and potential liabilities, obligations, profits or condition (financial or otherwise) of the Company, taken as a whole, since the date of the most recent Financials.

5.4 Legal Matters. All actions, proceedings, instruments and documents required or incidental to carrying out this Agreement and all other related legal matters shall have been approved by counsel for Buyer, which approval shall not be unreasonably withheld, delayed or conditioned.

5.5 Governmental Permits. Seller, the Company and Buyer shall have obtained all licenses, certificates, permits and rulings of, and submitted all notices to, all governmental authorities (and any waiting periods shall have expired in connection therewith) that may be required at or prior to the Closing Date with respect to the transactions contemplated hereunder.

5.6 Consents and Approvals. All consents, approvals or filings with any third party relating to the consummation of the Transactions including such consents relating to the assignment of any lease, contract, agreement or other instrument or obligation, including those items listed on Schedule 2.21 hereto, or for Buyer to receive all of the rights and benefits as sole owner of the Company thereunder, including the Lender Consent Letter, shall have been obtained. Seller shall have used best efforts to obtain from the Lender a release of liability of Kenneth F. Morrell and Craig P. Morrell in relation to (i) the Environmental Indemnity Agreement dated July 29, 2004 by the Company, the Buyer, Kenneth F. Morrell and Craig P. Morrell for the benefit of the Lender (the "Environmental Indemnity"), and (ii) and the Non Recourse Indemnity Agreement and Assumption of Liability dated July 29, 2004 by Kenneth F. Morrell and Craig P. Morrell in favor of the Lender (the "Non Recourse Indemnity").

5.7 No Litigation. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or provision challenging Buyer's proposed acquisition of the Seller Interests, or limiting

or restricting Buyer's conduct or operation of the business of the Company (or its own business) following the claim shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending. There shall be no action, suit, claim or proceeding of any nature pending or threatened against Buyer, or the Company, their respective properties, including the Project and the Real Property, or any of their officers or directors, that could materially and adversely affect the business, assets, liabilities, financial condition, results of operations or prospects of the Company.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER.

The obligations of Seller hereunder are, at the option of Seller, subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

6.1 Payment of Purchase Price. The Buyer shall have paid the Purchase Price to Seller in accordance with Section 1.1 hereof.

6.2 Accuracy of Representations and Warranties. The representations and warranties of Buyer contained in this Agreement shall be true in all material respects as of the Closing Date as though such representations and warranties had been made at and as of the Closing Date. All of the agreements of Buyer to be performed by Buyer on or before the Closing Date shall have been duly performed in all material respects. Buyer shall deliver to Seller a certificate certifying as to its compliance with this Section 6.2 and Buyer's authorization to engage in the transactions contemplated by this Agreement.

7. POST-CLOSING COVENANTS.

7.1 Rights under Operating Agreement.

(a) **Operating Agreement Void.** After the Closing Date, any and all terms and provisions of the Operating Agreement that relate to Seller's role as Manager of the Company, as a member of the Company, or that confer any rights to the Seller in its capacity as Manager or a member of the Company shall be null and void.

(b) **No Right to Disbursements.** After the Closing Date, Seller shall have no right to receive any disbursement from the Company in any form, including but not limited to any Capital Transaction Proceeds, Cash Flow, Profits, Capital Contributions, Capital Accounts, Loans or any other disbursement whatsoever, for any reason, arising from or relating in any way to Seller's role as Manager or a member of the Company.

(c) **Rights as Manager.** After the Closing Date, any and all terms and provisions of the Operating Agreement relating in any way to powers, rights, duties and obligations of Seller in its capacity as Manager of the Company shall be null and void.

(d) **No Action to Enforce Operating Agreement.** After the Closing Date, Seller shall not initiate any claim, action, proceeding, arbitration or any other legal

proceeding seeking to enforce any of its rights under the Operating Agreement, including but not limited to any right to indemnification by Buyer or the Company and any right to disbursements or other payments from the Company as described in subpart (b) above.

7.2 Indemnification.

(a) **Indemnification by Buyer.** Buyer covenants and agrees that it will indemnify, defend and hold Seller at all times harmless from and against any loss, damage and expense (including reasonable attorneys' fees and other costs of defense) caused by or arising out of or in connection with:

(i) any breach of any representation or warranty or nonfulfillment of any agreement or covenant on the part of Buyer under this Agreement; or

(ii) the operation of the Company and its business after the Closing Date to the extent of any liability attributable to the Company after the Closing Date, provided however, Seller shall not be indemnified for any liability arising out its negligent or fraudulent conduct at any time and in its capacity as Manager of the Company or otherwise.

In addition to the indemnification provisions of subparts (a)(i) and (a)(ii) above, if, after use of best efforts by Seller as determined in the sole discretion of Buyer, the Lender refuses to release Kenneth F. Morrell and Craig P. Morrell from liability pursuant to the Non Recourse Indemnity, Buyer agrees to indemnify Kenneth F. Morrell and Craig P. Morrell from any liability arising out of claims made under the Non Recourse Indemnity for actions or omissions by Buyer alleged to have occurred after the Closing Date, provided however that Buyer shall not be obligated to indemnify Seller for any loss, damage or expense for which Seller is obligated to indemnify Buyer pursuant to Section 7.2(b) hereof.

Notwithstanding the aforementioned indemnification by Buyer pursuant to this subsection (a) or any other provisions of this Agreement to the contrary, the Buyer shall not indemnify the Seller, Kenneth F. Morrell or Craig P. Morrell from any loss, damage or expense to the extent that the loss, damage or expense would otherwise have been required to be paid by the Seller, Kenneth F. Morrell or Craig P. Morrell pursuant to the Project Lease or as required by law. The provisions of the previous sentence shall specifically survive Closing.

(b) **Indemnification by Seller.** Subject to the terms of the Charter Documents and the Project Lease, Seller covenants and agrees that it will indemnify, defend and hold Buyer at all times harmless from and against any loss, damage or expense (including reasonable attorneys' fees and other costs of defense) caused by or arising out of or in connection with:

(i) any breach of a representation or warranty or nonfulfillment of any agreement or covenant on the part of Seller under this Agreement;

(ii) any fraudulent or negligent actions taken by Seller in its capacity as Manager of the Company or any intentional misrepresentations made by Seller; or

(iii) any unsatisfied tax liability of Seller by reason of its ownership interest in the Company prior to the Closing Date.

Notwithstanding the aforementioned indemnification by Seller pursuant to this subsection (b) or any other provisions of this Agreement to the contrary, the Seller shall not indemnify the Buyer from any loss, damage or expense to the extent that the loss, damage or expense would otherwise have been required to be paid by the Buyer pursuant to the Project Lease. The provisions of the previous sentence shall specifically survive Closing.

(c) **Limitation on Indemnification Obligations.** The indemnification obligations of the parties to this Section 7.2 shall be subject to the following:

(i) The amount of damages, losses, liabilities and expenses required to be paid by any party to indemnify any other party pursuant to this Section 7.2 shall be reduced to the extent of such indemnifying party's pro rata share of any amounts actually received by the indemnified party after the Closing Date pursuant to the terms of insurance policies (if any) covering such claim; and

(ii) The amount of damages, losses, liabilities and expenses required to be paid by any party to indemnify any other party pursuant to this Section 7.2 shall be reduced by such indemnifying party's pro rata share of the amount of any federal, state or local tax benefit actually realized by the indemnified party as a result of such claim.

(iii) All representations and warranties made in this Agreement shall survive for a period of two (2) years from Closing except for representations and warranties as to Title to Seller Interests (Section 2.18) and Taxes (Section 2.7) which shall survive until the applicable statute of limitations has expired.

(d) **Procedure for Indemnification.** Any party that intends to enforce an indemnity obligation shall give the indemnifying party notice of any claim as soon as practicable. The failure to give such notice shall not constitute a waiver or release of the indemnifying party, but the obligation of the indemnifying party shall be reduced to the extent of any actual monetary prejudice resulting from the indemnified party's delay or failure to give any such notice. In the event such indemnification involves a claim by a third party, the indemnifying party shall have the right and obligation to conduct the defense of the claim through counsel selected by the indemnifying party and approved by the indemnified party (which approval shall not be unreasonably withheld, delayed or conditioned), and the assertion of such right shall constitute an acknowledgment by the indemnifying party that such claim is an indemnifiable claim for which the indemnifying party is responsible under this Section 7.2. If, following notice of a claim by a third party, the indemnifying party fails to promptly initiate and conduct the defense of such claim, then the indemnified party shall engage counsel of its choice

to defend such claim and the indemnifying party shall be responsible for all reasonably incurred costs and expenses. The indemnified party shall not voluntarily settle any such third party claim without a full release (without liability) of the indemnified party or the prior written approval of the indemnifying party, which approval shall not be unreasonably withheld, delayed or conditioned.

(e) **Exclusive Remedy.** The indemnification provisions contained in this Section 7.2 shall constitute the sole and exclusive post-closing remedy for the recovery of money damages against Buyer or Seller in connection with this Agreement and the transactions described herein. Buyer shall have no liability to Seller for any of Buyer's liabilities hereunder except, and then only to the extent, expressly provided in this Agreement. Notwithstanding the foregoing, except for acts of fraud, indemnification under this Section 7.2 shall not exceed the amount of Seller's initial capital contribution to the Company as provided Schedule A to the Operating Agreement.

8. TERMINATION.

8.1 **Termination Events.** This Agreement may, by notice given prior to or at the Closing, be terminated:

- (a) by mutual consent of Buyer and Seller;
- (b) by either Buyer or the Seller if a material breach of any material provision of this Agreement has been committed by the other party and such breach has not been waived, and provided that the party terminating this Agreement is not then in breach; or
- (c) by either Buyer or the Seller if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before [_____] or such later date as the parties may agree.

8.2 **Effect of Termination.** Each party's right of termination under Section 8.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 12 and 13 will survive; provided, however, that if this Agreement is terminated by a party because of a breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired, subject, however, to any provision of this Agreement to the contrary.

9. ENTIRE AGREEMENT.

This Agreement (including Exhibit A and the Schedules hereto) sets forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof, including, without limitation, the Letter of Intent, dated July 3, 2008, heretofore signed by Buyer and Seller.

10. NOTICES.

All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when received if delivered personally, given by e-mail or other equivalent internet transmission, mailed first class, postage prepaid, registered or certified mail, delivered by Federal Express or other courier service, or sent by facsimile or other online transmission system, as follows:

If to Seller:

KC-Najoles Development Company, LLC
726 Second Street
Suite 3-A
Annapolis, Maryland 21403-3378
Attention: Ken Morrell and Craig Morrell
Fax No.: (410) 626-1804
Email: cmorrell@morrellcompanies.com

With a copy to:

The Law Offices of Kirk Halpin & Associates, P.A.
6339 Ten Oaks Road, Suite 150
Clarksville, Maryland 21029
Attention: Kirk J. Halpin
Fax No.: (410) 531-9009
Email: kirk@halpinlawfirm.com

If to Buyer:

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108
Attention: Sean Coleman
Fax No.: (410) 729-8220
Email: scole@menv.com

With a copy to:

McGuireWoods LLP
Seven Saint Paul Street
Suite 1000
Baltimore, Maryland 21202
Attention: Cecil E. Martin, III
Fax No.: (410) 659-4535
Email: cmartin@mcguirewoods.com

11. GOVERNING LAW; INTERPRETATION; SECTION HEADINGS.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland. The Section headings contained herein are for purposes of convenience only, and shall not be deemed to constitute a part of this Agreement or to affect the meaning or interpretation of this Agreement in any way.

12. EXPENSES.

The Buyer and the Seller shall each pay their own fees, expenses, disbursements, and those of their counsel in connection with the subject matter of this Agreement, including the negotiations with respect hereto, and the preparation of any documents, and all other costs and expenses incurred in the performance and compliance with all conditions and obligations to be performed by or pursuant to this Agreement or as contemplated hereby. The Company shall not pay any fees, costs or expenses in relation to the transactions contemplated by this Agreement.

13. SPECIFIC PERFORMANCE; REMEDIES.

Each party hereto acknowledges that the other parties will be irreparably harmed and that there will be no adequate remedy at law for any violation by any of them of any of the covenants or agreements contained in this Agreement. It is accordingly agreed that, in addition to any other remedies which may be available upon the breach of any such covenants or agreements, each party hereto shall have the right to obtain injunctive relief to restrain a breach or threatened breach of, or otherwise to obtain specific performance of, the other parties, covenants and agreements contained in this Agreement.

14. GENERAL.

All of the terms, provisions, covenants, representations, warranties and conditions of this Agreement shall survive the consummation of the transactions provided for or contemplated herein only to the extent set forth herein and shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Except as otherwise expressly provided herein, this Agreement may be amended, modified, superseded or canceled, and any of the terms, provisions, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by Seller and Buyer or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time

or times to require performance of any provision hereof shall in no manner affect the right to enforce the same. No waiver by any party of any condition, or of the breach of any term, provision, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, provision, covenant, representation or warranty. In the event that any one or more of the provisions of this Agreement shall be held or otherwise found to be invalid, illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby. None of the parties hereto shall assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto. This Agreement is for the sole benefit of the undersigned parties hereto and is not for the benefit of any third party.

15. FURTHER ASSURANCES.

Seller shall execute and deliver such other documents and instruments, and take such other actions, as Buyer may reasonably request in order to more fully vest and perfect in Buyer all title and interest in and to the Seller Interests.

16. COUNTERPARTS.

Separate copies of this Agreement may be signed by the parties hereto, with the same effect as though all of the parties had signed one copy of this Agreement. Signatures received by facsimile shall be accepted as original signatures.

17. WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY ACTION OR PROCEEDING INSTITUTED UNDER OR RELATING TO THIS AGREEMENT, OR ANY OTHER DOCUMENT EXECUTED PURSUANT HERETO, OR IN CONNECTION WITH ANY COUNTERCLAIM RESULTING FROM ANY SUCH ACTION OR PROCEEDING.

18. INTERPRETATION OF AGREEMENT.

The parties hereto acknowledge and agree that this Agreement has been negotiated at arm's length and among the parties equally sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties as set forth in this Agreement.

19. IMMUNITY.

Nothing in this Agreement shall be deemed a waiver of any immunity possessed by the Buyer, or any of its officers or employees, which has not been waived by statute.

[Remainder of page intentionally left blank-
Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Membership Interests Purchase Agreement as of the day and year first above written.

SELLER:

**KC-NAJOLES DEVELOPMENT COMPANY,
LLC**, a Maryland limited liability company

By _____
Name _____
Title _____

BUYER:

MARYLAND ENVIRONMENTAL SERVICE,
an agency and instrumentality of the State of
Maryland

By _____
Name _____
Title _____

EXHIBITS

Exhibit A Assignment of Interests

SCHEDULES

Schedule 2.5	Material Contracts
Schedule 2.7	Taxes
Schedule 2.9	Litigation and Proceedings
Schedule 2.11	Absence of Certain Changes
Schedule 2.12	Rights to Real Property and Project
Schedule 2.13	Annual Budget
Schedule 2.15	Insurance Policies
Schedule 2.21	Third Party Consents
Schedule 2.27	Management Fee

EXHIBIT A

[Attach Assignment of Interests]

SCHEDULE 2.5

Material Contracts

SCHEDULE 2.7

<u>Type of Tax</u>	<u>Amount Due</u>	<u>Due Date</u>

SCHEDULE 2.9

Litigation and Proceedings

SCHEDULE 2.11(a)

Absence of Certain Changes

SCHEDULE 2.12

Rights to Real Property and Project

SCHEDULE 2.13

[Attach Annual Budget]

SCHEDULE 2.15

[Attach Insurance Policies]

SCHEDULE 2.21

Third Party Consents

Consent from The Lincoln National Life Insurance Company, successor by merger to Jefferson-Pilot Life Insurance Company, authorizing the Transactions in relation to that certain Promissory Note dated July 29, 2004, made by the Company to the order of the Lender in the principal sum of Five Million Five Hundred Thousand Dollars (\$5,500,000).

SCHEDULE 2.26

Management Fee

KC-MES J.V., LLC
259 Najoles Road
Millersville, Maryland 21108

September ____, 2008

MARYLAND ENVIRONMENTAL SERVICE

259 Najoles Road
Millersville, Maryland 21108

KC-NAJOLES DEVELOPMENT COMPANY, LLC

726 Second Street
Suite 3-A
Annapolis, Maryland 21403-3378

In re: Solar Energy Project at 259 Najoles Road, Millersville, Maryland (the "Solar Energy Project")

Dear Sir/Madam:

This letter is in reference to that certain Membership Interests Purchase Agreement (the "MIPA") of even date herewith by and between Maryland Environmental Service ("Buyer") and KC-Najoles Development Company, LLC ("Seller"), whereby Seller has agreed to sell, and Buyer has agreed to buy, the Seller Interests. Capitalized terms used but not defined herein shall have the meaning given in the MIPA. Buyer and Seller agree that the Seller, in its capacity as Manager of the Company, had previously consented to and executed various agreements, consents and other documents necessary to permit the development, installation and operation of the Solar Energy Project. Seller's consent to and execution of the agreements, consents and other documents in relation to the Solar Energy Project was conditioned upon the execution by Buyer and Seller of the MIPA and the consummation of the Transactions. If the parties fail to consummate the Transactions on or before the Closing Date (as that date may be extended pursuant to the terms of the MIPA), then (i) the Seller, in its capacity as Manager of the Company, shall withdraw its consent to the Solar Energy Project, (ii) the Buyer shall terminate any and all agreements or contracts related to the Solar Energy Project, and (iii) notwithstanding Section 7.2 of the MIPA, the Buyer shall indemnify and hold harmless the Seller from any and all costs, damages, losses and liability arising out of the Solar Energy Project. To the extent there is any conflict between the terms of the MIPA and this letter agreement, the terms of this letter agreement shall control.

MARYLAND ENVIRONMENTAL SERVICE, an agency and instrumentality of the State of Maryland

KC-NAJOLES DEVELOPMENT COMPANY, LLC, a Maryland limited liability company

By _____
Name _____
Title _____

By _____
Name _____
Title _____

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
08-10-1R**

A RESOLUTION

Authorizing the Director of the Maryland Environmental Service ("Service") to close certain offices and facilities of the Service on Friday, November 28, 2008, 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 28, 2008.

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 28, 2008, 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 28, 2008, in the same manner as if that day were a Holiday under COMAR 14.27.02.15.A.

Resolution No. 08-10-1R

Authorization to Close MES Offices on November 28, 2008

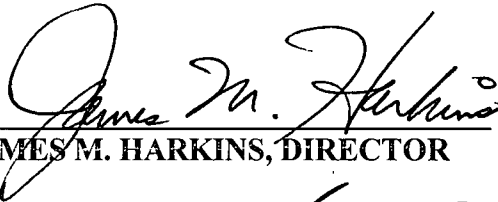
Page 2

ADOPTED, this 27th day of October, 2008.

SEAL

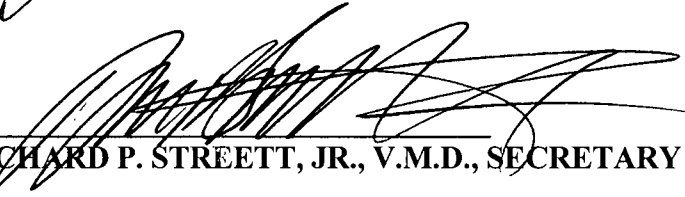
MARYLAND ENVIRONMENTAL SERVICE

BY:



JAMES M. HARKINS, DIRECTOR

BY:



RICHARD P. STREETT, JR., V.M.D., SECRETARY

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(08-11-1R)

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 Sixty Thousand Dollars (\$660,000.00), 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 Western Branch Yard Waste Composting Facility; (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 7.00%; (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 24th Day of November, 2008.

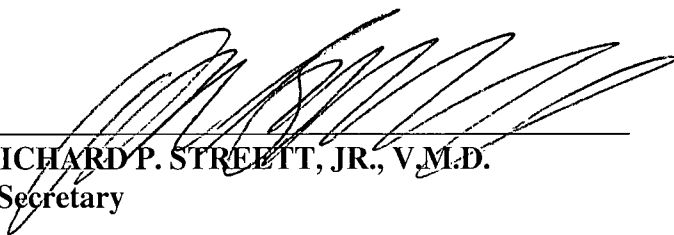
SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, Director

BY: 
JOHN O'NEILL, Jr., Deputy Director

BY: 
JOSEPH C. ZIMMERMAN, Treasurer

BY: 
RICHARD P. STREETT, JR., V.M.D.
Secretary

**CAPITAL EQUIPMENT EXPENDITURES
(08-11-1R)**

<u>No.</u>	<u>Description/Model</u>	<u>Estimated Cost</u>
6	Chevrolet Colorado	\$ 111,609.00
6	Ford F-150 Pickup Truck	\$ 140,162.00
1	Toyota Prius	\$ 22,359.00
1	Chevrolet 2500 HD Truck	\$ 34,574.00
3	Dodge Nitro	\$ 54,981.00
1	Chevrolet HHR	\$ 15,011.00
1	Peterbilt Truck/tractor	\$ 125,000.00
1	Trailer	\$ 60,000.00
1	Utilty Tractor	\$ 35,000.00
	Other (contingency)	<u>\$ 61,304.00</u>
	Total	\$ 660,000.00