

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
09-03-1R**

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”) for its employees and has adopted amendments to the Plan from time to time; and

WHEREAS, the Board desires to further amend the Adoption Agreement to provide for regulations adopted by the IRS in accordance with section 415 of the Internal Revenue Code.

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

1. The Qualified Retirement Plan Final 415 Regulations Adoption Agreement which is attached hereto as Attachment 1, is hereby adopted.
2. The Comprehensive 401(k) Profit Sharing Plan Non Standardized Adoption Agreement which is attached hereto as Attachment 2, is hereby adopted

Resolution No. 09-03-1R
Amendment to 401(k) Plan
Page 2

3. Henry Cook, Chief Financial Officer of the Service is hereby authorized to execute, acknowledge and deliver the Qualified Retirement Plan Final 415 Regulations Adoption Amendment and the Comprehensive 401(k) Profit Sharing Plan Non Standardized Adoption Agreement, with any changes, insertions and omissions therein as may be approved by 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.
4. Henry Cook and the 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.
5. This Resolution shall be effective retroactive to January 1, 2009.

ADOPTED this 18th day of March, 2009.

MARYLAND ENVIRONMENTAL SERVICE

BY: 

JAMES M. HARKINS, DIRECTOR

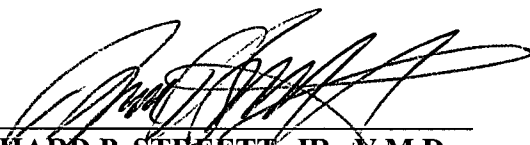
BY: 

JOHN O'NEILL, DEPUTY DIRECTOR

BY: 

JOSEPH ZIMMERMAN, TREASURER

**Resolution No. 09-03-1R
Amendment to 401(k) Plan
Page 3**

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

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(09-03-02R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE PLANNING, DEVELOPMENT, DESIGN, ENGINEERING, CONSTRUCTION AND EQUIPMENT PROCUREMENT OF A SINGLE STREAM RECYCLING FACILITY 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 the planning, development, design, engineering, construction and equipment procurement for a single stream recycling facility (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 the planning, development, design, engineering, construction and equipment procurement for the Project. The Service expects to issue or cause the issuance of bonds or other debt obligations in an amount not to exceed Twenty Million Dollars (\$20,000,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

ADOPTED, this 23rd day of March, 2009.


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

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 09-04-1R

A RESOLUTION AUTHORIZING

the procurement, execution and delivery by the Maryland Environmental Service (the "Service") of a Governmental Equipment Lease-Purchase Agreement (the "Lease-Purchase Agreement") with Caterpillar Financial Services Corporation (the "Lessor") in an aggregate principal amount not to exceed \$1,200,000.00 for the purpose of financing the acquisition of a landfill compactor (the "Equipment"); providing for the Lease-Purchase Agreement to be an obligation of the Service payable from amounts received pursuant to contracts between the Service and the Service's clients, and from such other revenues as may be made available to the Service; authorizing the Director and other officers and employees of the Service to execute the Lease-Purchase Agreement and such other documents or certificates as may be necessary in connection with the issuance of the Lease-Purchase Agreement; and providing generally for other matters necessary for the procurement, execution and delivery of the Lease-Purchase Agreement.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2005 Replacement Volume, 2008 Supplement) as amended to date (the "Act"), including (among others) the powers (i) to borrow money and issue bonds or notes for the purpose of paying all or any part of the cost of any one or more projects and to provide for the security of such bonds or notes and the rights of the holders thereof; and (ii) to lease as lessee any personal property necessary to carry out the purposes of the Service; and (iii) to enter into contracts with the Federal or any State government, or any unit, instrumentality or subdivision thereof, or with any municipality or person within or without the State of Maryland, providing for or relating to the furnishing of services to the facilities of any project of the Service.

The Service has a need to acquire the Equipment necessary for the operation of one or several of its projects. The Service has determined to procure, execute and deliver the Lease-Purchase Agreement in order to finance the cost of acquisition of Equipment. The Lease-Purchase Agreement requires the Lessor to acquire Equipment, at the request of the Service, and lease the Equipment to the Service. In exchange for the reimbursement the Service will be required to convey a security interest in the Equipment to the Lessor, or its designee.

The Service will pay Lease Payments (the "Lease Payments") to the Lessor consisting of principal and interest on amounts paid by the Lessor to acquire the Equipment. Lease Payments due under the Lease-Purchase Agreement will be payable from amounts received pursuant to contracts between the Service and the Service's clients, and from such other revenues as may be made available to the Service. The Service and the Lessor intend that the interest portion of the Lease Payments will be excludable from gross income for federal or state income tax purposes.

The Service considers the procurement, execution and delivery of the Lease-Purchase Agreement to be in furtherance of the public purposes of the Act and the Service.

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

1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.

2. The procurement, execution and delivery of the Lease-Purchase Agreement, in a principal amount not to exceed \$1,200,000.00, shall be, and hereby is, authorized and directed pursuant to the provisions of the Act, to finance the acquisition of the Equipment by the Service.

3. The Lease-Purchase Agreement will be executed and delivered to the Lessor substantially on the terms and conditions set forth in the form of the Lease-Purchase Agreement presented to this meeting. Such form of the Lease-Purchase Agreement shall be, and hereby is directed to be, filed among the permanent records of the Service. The Lease-Purchase Agreement shall be executed by the Director (and other officers and employees of the Service if requested by Lessor) substantially in the form of the Lease-Purchase Agreement presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director; provided, however, that except as otherwise provided in this resolution, such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this resolution.

The annual interest rate of any maturity of the Lease Payments shall not exceed 4.77 percent. The Director shall, subject to the limitations set forth in this resolution, fix the principal amount of the Lease-Purchase Agreement, the interest rate or rates for the Lease Payments, and the payment schedule for the Lease Payments. The Director shall include such items in the Lease-Purchase Agreement. The Service and the Lessor intend that the interest portion of the Lease Payments will be excludable from gross income for federal or state income tax purposes.

4. The Director and other officers and employees of the Service shall be, and hereby are, authorized to take such other actions and to execute and deliver such other documents and certificates as the Director shall deem desirable to effect the completion of the procurement, execution and delivery of the Lease-Purchase Agreement, and such other matters contemplated by

this resolution, including, without limitation, addenda, notes, UCC Financing Statements or other instruments issued pursuant thereto.

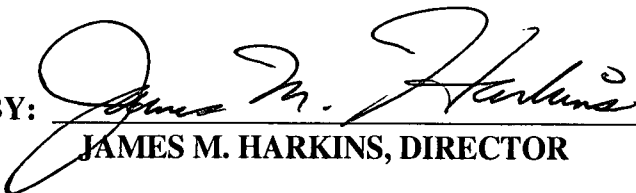
5. The execution by the Director or other officers or employees of the Service of any document authorized herein to be executed by the Director or other officers or employees shall constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Service herewith, by the Service.

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

ADOPTED, this 27th day of April, 2009.

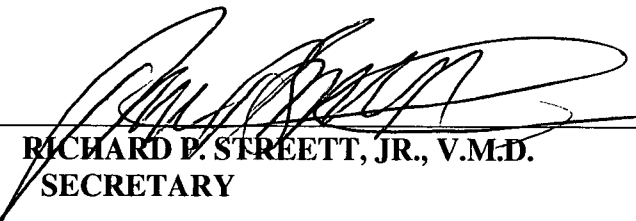
SEAL

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

GOVERNMENTAL EQUIPMENT LEASE-PURCHASE AGREEMENT

Lessee: MARYLAND ENVIRONMENTAL SERVICES
Address: 259 NAJOLES RD
City: MILLERSVILLE
State/ Zip MD 21108

Lessor: Caterpillar Financial Services Corporation
Address: 2120 West End Avenue
City: Nashville
State/Zip: Tennessee 37203-0001

This Governmental Equipment Lease/Purchase Agreement is dated as of _____ (the "Agreement").

1. LEASE PAYMENTS; CURRENT EXPENSE. Lessee agrees to pay the lease payments (the "Lease Payments") with respect to this Agreement during the term hereof in the amounts and on the dates specified below. A portion of each Lease Payment is paid as and represents the payment of interest and the balance of each Lease Payment is paid as and represents payment of principal. Lessor is authorized to insert the due dates of the Lease Payments and any other information that should be added hereto in order for this Agreement to reflect the specific agreements of the parties hereto. All Lease Payments shall be paid to Lessor without notice or demand at such place as Lessor may from time to time designate by written notice to Lessee. Lessee shall pay the Lease Payments exclusively from moneys legally available therefor, in lawful money of the United States of America. The obligations of Lessee, including its obligation to pay the Lease Payments due in any fiscal year, shall constitute a current expense of Lessee for such fiscal year and shall not constitute an indebtedness of Lessee within the meaning of the constitution and laws of the State in which Lessee is located (the "State"). Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys (other than moneys lawfully appropriated from time to time for the payment of the "Payments" (as defined in the last sentence of this Paragraph) owing hereunder. EXCEPT AS PROVIDED IN PARAGRAPH 4, LESSEE'S OBLIGATIONS TO MAKE THE PAYMENTS TO LESSOR IN THE AMOUNTS REQUIRED HEREBY ARE ABSOLUTE AND UNCONDITIONAL. LESSEE FURTHER EXPRESSLY AGREES THAT IT WILL MAKE ALL SUCH PAYMENTS TO LESSOR REGARDLESS OF, AND WILL NOT ASSERT AGAINST LESSOR, ANY DEFENSE, CLAIM, SETOFF, OR COUNTERCLAIM OR OTHER RIGHT, EXISTING OR FUTURE, WHICH LESSEE MAY HAVE AGAINST THE LESSOR OR ANY OTHER PERSON OR ENTITY FOR ANY REASON. As used in this Agreement, "Payments" shall mean the Lease Payments and any other amounts required to be paid by Lessee hereunder.

Lease Payments shall be paid by Lessee to Lessor as follows: \$245,477.92 will be paid in advance and the balance of the Lease Payments is payable in 5 successive annual payments of which the first 4 payments are in the amount of \$245,477.92 each, and the last payment is in the amount of \$1.00 plus all other amounts then owing hereunder, with the first Lease Payment due on _____ and subsequent Lease Payments due on a like date of each year thereafter until paid in full. If Lessor does not receive a Lease Payment on the date it is due, Lessee shall pay to Lessor, on demand a late payment charge equal to the lesser of five percent (5%) of the payment not paid when due or the highest charge allowed by law, whichever is less.

The portion of the Lease Payments constituting principal shall bear interest (computed on the basis of actual days elapsed in a 360 day year) at the rate of 4.77% per annum.

2. SECURITY INTEREST. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, the items of equipment (the "Equipment") described below. In order to secure all of its obligations hereunder, Lessee hereby: (a) grants to Lessor a first and prior security interest in any and all right, title, and interest of Lessee in the Equipment and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom and (b) agrees to do any further act and hereby authorizes the filing of such financing statements, or to execute and deliver such certificates of title, notices or acknowledgement or other instruments in form satisfactory to Lessor necessary or appropriate to evidence such security interest. Lessee at its expense will protect and defend Lessor's security interest in the Equipment and will keep the Equipment free and clear of any and all claims, liens, encumbrances and legal processes however and whenever arising.

Description of Unit(s)

(1) New 836H

Caterpillar Landfill Compactor

Serial#

BXD00744

Lessee confirms that it has an immediate need for, and expects to make immediate use of, substantially all the Equipment, which need is not temporary or expected to diminish during the term of this Agreement. The Equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the scope of Lessee's authority and not in any trade or business carried on by a person other than Lessee.

3. WARRANTIES. LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT. AS TO LESSOR, LESSEE'S LEASE AND PURCHASE OF THE EQUIPMENT SHALL BE ON AN "AS IS" AND "WHERE IS" BASIS AND "WITH ALL FAULTS". Lessee shall enforce all warranties, agreements and representations, if any, with regard to the Equipment against the maker of such warranties. Except pursuant to an amendment as provided herein, no person is authorized to waive or alter any term or condition of this Agreement.

4. NONAPPROPRIATION. Lessee covenants and represents to Lessor that (a) Lessee will, to the extent permitted by State law include in its budget for each successive fiscal year during the term of this Agreement a sufficient amount to permit Lessee to discharge all of its obligations hereunder, (b) Lessee has budgeted and has available for the current fiscal year sufficient funds to comply with its obligations under this Agreement and (c) there are no circumstances presently affecting Lessee that could reasonably be expected to adversely affect its ability to budget funds for the payment of sums due hereunder. Notwithstanding any provision of this Agreement to the contrary, Lessor and Lessee agree that in the event that prior to the commencement of any of Lessee's fiscal years Lessee does not have sufficient funds appropriated to make the Payments due hereunder for said fiscal year, Lessee shall have the option of terminating this Agreement as of the date of the commencement of such fiscal year by giving Lessor sixty (60) days prior written notice of its intent to cancel this Agreement. No later than the last day of the last fiscal year for which appropriations were made for the Payments due hereunder (the "Return Date"), Lessee shall return to Lessor all, but not less than all, of the Equipment, at Lessee's sole expense, in accordance with Paragraph 18, and this Agreement shall terminate on the Return Date without penalty or expense to Lessee and Lessee shall not be obligated to pay the Lease Payments beyond such fiscal year, provided, that Lessee shall pay all Lease Payments and other Payments for which moneys have been appropriated or are otherwise available, provided further, that Lessee shall pay month-to-month rent at the rate set by lessor for each month or part thereof that Lessee fails to return the Equipment. To the extent lawful and permitted by public



policy, Lessee agrees it will not terminate this Agreement under the provisions of this Paragraph 4 if any funds are appropriated to it or by it for the acquisition, retention or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal year in which termination occurs or the next succeeding fiscal year.

5. TAX WARRANTY. Lessee is validly existing as a body corporate and politic and public instrumentality of the State with the power and authority to enter into this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. Lessee shall, at all times, do and perform all acts and things necessary and within its control in order to assure that the interest component of the Lease Payments received by the Lessor shall, for the purposes of Federal income taxation, be excluded from the gross income of the Lessor and shall not take or permit any act or thing that could cause the interest component of the Lease Payments received by the Lessor to be included in the gross income of the Lessor for the purposes of Federal income taxation. The Equipment will not be used in any trade or business carried on by a person other than Lessee. Lessee will report this Lease Purchase to the Internal Revenue Service by filing Form 8038G, 8038C or 8038 whichever is applicable. Failure to do so will cause the agreement to lose its tax exempt status. Lessee agrees that if the appropriate form is not filed, the interest rate will be adjusted to the equivalent taxable interest rate.

6. ASSIGNMENT. Lessee may not, without Lessor's written consent, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of its right, title and interest in and to this Agreement and the Equipment and/or grant or assign a security interest herein, in whole or in part. Lessor may not transfer, sell, assign, pledge, hypothecate, or otherwise dispose of its right, title and interest in and to this Agreement and the Equipment and/or grant or assign a security interest herein, in whole or in part.

7. INDEMNITY. To the extent permitted by law, Lessee assumes liability for, agrees to and does hereby indemnify, protect and hold harmless Lessor and its agents, employees, officers, directors, subsidiaries and stockholders from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (including reasonable attorney's fees), of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, storage, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to accept the Equipment or otherwise to perform or comply with any conditions of this Agreement. The indemnities contained in this Paragraph shall continue in full force and effect notwithstanding the termination of this Agreement. Lessee is an independent contractor and nothing contained in this Agreement shall authorize Lessee or any other person to operate or use any Equipment so as to incur any obligation on behalf of Lessor or impose any liability on Lessor. **Nothing in this Agreement is intended nor should any provision of this Agreement be construed to, limit, waiver, abridge or otherwise modify any rights, claims, or causes of action that the Lessee may have against any person or entity other than Lessor.**

8. LOSS AND DAMAGE. Lessee shall bear the entire risk of loss, theft, destruction or damage to the Equipment or any part thereof from any cause whatsoever. No loss, theft, destruction or damage of the Equipment shall relieve Lessee of the obligation to make Lease Payments or to perform any obligation owing hereunder. In the event of loss, theft, destruction or damage of any kind to any item of the Equipment, Lessee shall immediately notify Lessor and, at the option of Lessor, shall: (a) place the same in good repair, working order and condition (ordinary wear and tear excepted); or (b) replace the same with like equipment in good repair, working order and condition (ordinary wear and tear excepted). The "net proceeds" (as defined in the last sentence of this Paragraph) of any insurance recovery shall be applied to clause (a) or (b) as provided above unless an Event of Default shall have occurred and be continuing in which case the net proceeds shall be paid to Lessor to the extent of, and applied to the amount due and payable to Lessor under this Agreement. Any net proceeds remaining after application of net proceeds in accordance with the preceding sentence shall be paid to, and belong to, Lessee. If the net proceeds of any insurance recovery are insufficient to pay in full for the repair, restoration or replacement of the Equipment, Lessee shall either complete the work to the satisfaction of Lessor, and pay any costs in excess of the net proceeds without any claim for reimbursement or credit from Lessor or pay the then applicable purchase price for the Equipment (as determined by Lessor according to its usual and customary manner) plus all Payments then due and owing hereunder. "Net proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award.

9. INSURANCE. Lessee agrees to keep the Equipment insured to protect all interests of Lessor, at Lessee's expense, for such risks, in such amounts, in such forms and with such companies as Lessor may require, including but not limited to fire and extended coverage insurance, explosion and collision coverage, and personal liability and property damage liability insurance. Lessor may (but shall not be obligated to) insure the Equipment at the expense of Lessee. Any insurance policies relating to loss or damage to the Equipment will name Lessor as loss payee as its interests may appear and the proceeds may be applied toward the replacement or repair of the Equipment or the satisfaction of the Payments due hereunder. Any such policies shall contain a provision that they may not be cancelled or the coverage reduced without thirty (30) days prior written notice to Lessor. Any liability insurance policies will name Lessee and Lessor as co-insured and the proceeds shall be applied first to Lessor to the extent of its liability, if any, and the balance to Lessee. Lessee shall furnish certificates, policies or endorsements to Lessor as proof of such insurance. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premiums under any insurance policy issued on the Equipment and hereby assigns to Lessor all of its right, title and interest in and to such insurance policies and the proceeds thereof. If Lessee is self-insured with respect to equipment such as the Equipment, Lessee shall maintain an actuarially sound self-insurance program in form satisfactory to Lessor and shall provide evidence thereof in form and substance satisfactory to Lessor.

10. TAXES, MAINTENANCE AND INSPECTION. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. Nevertheless, if the use, possession or acquisition of the Equipment is determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges assessed or levied against or with respect to the Equipment. Lessee agrees to use, operate and maintain the Equipment in accordance with all laws, regulations and ordinances and in accordance with the provision of any policies of insurance covering the Equipment, and shall not rent the same or permit the same to be used by anyone other than Lessee or Lessee's employees. Lessee agrees to keep the Equipment in good repair, working order and condition (ordinary wear and tear excepted) and house the same in suitable shelter, and to permit Lessor or its assigns to inspect the Equipment at any time and to otherwise protect its interests therein. If any Equipment is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement by a party reasonably satisfactory to Lessor. No maintenance or other service for the Equipment will be provided by Lessor. Without the prior written consent of Lessor, Lessee shall not make any alterations, modifications or attachments to the Equipment that cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. In the event the Equipment is returned to Lessor, the Lessee, at its sole cost and expense, and at the request of Lessor, will remove all alterations, modifications and attachments, and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear and permitted modifications excepted. All replacement parts shall be free and clear of liens of others, and shall become part of the Equipment and subject to the terms hereof.

11. LATE PAYMENTS AND PERFORMANCE OF LESSEE'S OBLIGATIONS BY LESSOR. If (a) any Payment other than a Lease Payment is not paid when due or (b) Lessee fails to perform any of its obligations hereunder and Lessor performs the same for the account of Lessee and incurs expenses, costs, penalties or liabilities in so doing ("Reimbursable Expenses"), Lessee shall pay interest on such Payment from the date due and, with respect to the Reimbursable Expenses, from the date incurred, in each case until paid, at the rate of eighteen (18%) percent per annum (or, if such rate is in excess of the maximum rate permitted by law, the maximum rate permitted by law).

12. DEFAULT. The following shall constitute an event of default under this Agreement, and the terms "Event of Default" and "default" shall include, whenever they are used in this Agreement, the following: (a) subject to Paragraph 4 hereof, failure by Lessee to pay any Lease Payment or any other Payment required to be paid when due and such failure continues for ten (10) days after the due date thereof, (b) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Agreement or any writing ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect; (d) any determination by the United States Internal Revenue Service that the portion of the Payments constituting "interest" is includible in the gross income of Lessor for Federal income tax purposes, or (e) the filing of a petition in bankruptcy by or against Lessee, or failure of Lessee promptly to lift any execution, garnishment, or attachment of such consequences as would impair the ability of Lessee to carry on its governmental functions, or assignment by Lessee for the benefit of creditors, or the entry by Lessee into agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

13. REMEDIES. Whenever any Event of Default shall have occurred, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps: (a) Lessor, may declare all Lease Payments due or to become due during the fiscal year in which the Event of Default occurs to be immediately due and payable by Lessee; (b) Lessor may repossess any or all of the Equipment by giving Lessee written notice to deliver the Equipment to Lessor in the manner provided in Paragraph 18, or in the event Lessee fails to do so within ten (10) days after receipt of such notice, and subject to all applicable laws, Lessor may enter upon Lessee's premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Lease Payments due during the fiscal year then in effect; (c) if Lessor terminates this Agreement and takes possession and disposes of the Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes; (iv) all costs and expenses incurred by Lessor to return the Equipment to the condition required by Paragraph 18 hereof; and (v) all Payments whether due or due in the future hereunder. Any disposition proceeds remaining after these disbursements have been made shall be paid to Lessee. In addition, Lessor may exercise any other right, remedy or privilege that may be available to Lessor under applicable law or, by appropriate court action at law or in equity, Lessor may enforce any of Lessee's obligations hereunder. Lessor's rights and remedies are cumulative and may be exercised concurrently or separately. No such right or remedy is exclusive of any other right or remedy permitted by this Agreement or by law or in equity.

14. NOTICES. For the purpose of this Agreement any notices required to be given, shall be given to the parties hereto in writing and by certified mail at the address herein set forth, or to such other addresses as each party may substitute by notice to the other, which notice shall be effective upon its receipt.

15. DELIVERY; TITLE. Lessee has advised Lessor of its desire to lease the Equipment, the cost of the Equipment, the expected delivery date and the desired lease terms for the Equipment. Lessee shall order such Equipment and shall cause such Equipment to be delivered pursuant to Lessee's directions. Lessor shall have no liability to Lessee, or to any other person for transportation, delivery or installation of the Equipment. Lessee shall bear the risk of loss with respect to any Equipment. Notwithstanding the designation of Caterpillar Financial Services Corporation as Lessor, Caterpillar Financial Services Corporation shall not own the Equipment. Unless applicable law requires to the contrary, legal title to the Equipment, including, if applicable, any software license component thereof shall, so long as an Event of Default or the termination of this Agreement pursuant to Paragraph 4 hereof has not occurred, and only as provided by law, is in Lessee. Upon the occurrence of an Event of Default or termination of this Agreement pursuant to Paragraph 4 hereof, full and unencumbered legal title to the Equipment shall pass to the Lessor without the necessity of further action by the parties hereto, and the Lessee shall have no further interest therein. In connection with the reversion of title to Lessor, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of Lessee's title and interest therein, and upon request by the Lessor, the Lessee shall deliver possession of the Equipment to the Lessor at Lessee's sole cost and expense and in the condition required by Paragraph 18 hereof.

16. MISCELLANEOUS. This Agreement may not be modified, amended, altered or changed except by a written agreement signed by both parties. In the event any provision hereof shall be invalid or unenforceable, the remaining provisions hereof shall remain in full force and effect. This Agreement, together with exhibits, constitutes the entire agreement between Lessee and Lessor and supersedes all prior and contemporaneous writings, understandings, agreements, solicitations, documents and representations, expressed or implied. Any terms and conditions of any purchase order or other documents submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement.

17. JURY TRIAL WAIVER. THE PARTIES TO THIS AGREEMENT HEREBY UNCONDITIONALLY WAIVE, IN A KNOWING AND INTENTIONAL MANNER, THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR RELATED DOCUMENTS, ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER HEREOF OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN THEM.

18. RETURN OF EQUIPMENT. If Lessor is entitled to obtain possession of any Equipment or if Lessee is obligated at any time to return any Equipment, then (a) title to the Equipment shall vest in Lessor immediately upon Lessor's notice thereof to Lessee, and (b) Lessee shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States selected by Lessor. Such Equipment shall be in the same condition as when received by Lessee (ordinary wear and tear excepted), shall be in good operating order and maintenance as required hereby, shall be free and clear of any liens (except Lessor's lien) and shall comply with all applicable laws and regulations. Until Equipment is returned as required above, all terms of this Agreement shall remain in full force and effect including, without limitation, Lessee's obligation to pay Lease Payments and to insure the Equipment.

19. OTHER DOCUMENTS. In connection with the execution of this Agreement, Lessee shall cause to be delivered to Lessor (i) an Acceptance Certificate substantially in the form attached hereto as Attachment A; (ii) a certified copy of Lessee's Authorizing Resolution substantially in the form attached hereto as Attachment B, (iii) a Verification of Insurance substantially in the form attached hereto, (iv) an opinion of Lessee's counsel substantially in the form attached hereto as Attachment C, (v) a form 8038 G or 8038 GC as required under the Code, and (vi) any other documents or items required by Lessor.

20. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws, excluding the laws relating to the choice of law, of the State.

Lessee:
**MARYLAND ENVIRONMENTAL
SERVICES**

Lessor:
Caterpillar Financial Services Corporation

Signature: _____

Signature: _____

By: _____
Print Name

By: _____
Print Name

Title: _____

Title: _____

ATTACHMENT A

ACCEPTANCE CERTIFICATE

This Acceptance Certificate is executed and delivered by **MARYLAND ENVIRONMENTAL SERVICES** ("Lessee") in connection with the Governmental Equipment Lease-Purchase Agreement dated as of _____ (the "Agreement"), between Lessee and **Caterpillar Financial Services Corporation** ("Lessor").

Lessee hereby certifies that:

1. Capitalized terms used herein and not defined herein shall have the meanings assigned to them in the Agreement.
2. The Equipment: 1 NEW 836H Caterpillar Landfill Compactor BXD00744 has been delivered to it, and has been inspected by it, and is in good working order and condition and is of the size, design, capacity and manufacture selected by it and meets the provisions of the purchase orders with respect thereto. Lessee hereby confirms it irrevocably accepts said items of Equipment "as-is, where-is" for all purposes of the Agreement as of the Acceptance Date set forth below.

3. The Equipment will be located at:
7341 BARKER'S LANDING RD. EASTON MD 21601 TALBOT

4. The Acceptance Date is _____

Dated: _____

Lessee:
**MARYLAND ENVIRONMENTAL
SERVICES**

Signature: _____

By: _____
Print Name

Title: _____



ALBAN TRACTOR CO. INC.

410-686-7777

Remit To: Box 64251, Baltimore, MD 21264

IN MARYLAND: BALTIMORE 410-686-7777 ANNAPOLIS JUNCTION 410-792-2007 EDGEWOOD 410-679-7800 LAPLATA 310-934-2622 MYERSVILLE 301-293-2377 DELMAR 410-896-4680 REMAN CENTER 410-780-4507 INDUSTRIAL & TRUCK ENGINES ELKRIDGE - 410-796-9000 MARINE ENGINES OCEAN CITY - 410-213-9373

IN DELAWARE: FELTON 302-284-4100

IN VIRGINIA: STERLING 703-450-8700 MANASSAS 703-221-8325 DUMFRIES 703-221-8325 WINCHESTER 540-667-4200

SOLD TO

CATERPILLAR FINANCIAL SVC
2120 WEST END AVE
NASHVILLE TN 37203

SHIP TO

MARYLAND ENVIRONMENTAL SVC
CUSTOMER JOBSITE
7341 BARKER'S LANDING RD
EASTON, MD, 21601

INVOICE NUMBER	INVOICE DATE	CUSTOMER NO	CUSTOMER PURCHASE ORDER NUMBER	STORE	DIV	SALESMAN	TERMS	PAGE
SALE00016140	04-06-09	0032500	VERBAL/LETTER	00	G	42	2	1
RSG/WO NO.	DGC DATE	PC	LC	MC	SHIP VIA			INVOICE SEQ. NO.
M21118	04-06-09			10	DELIVERY			122831
MAKE	MODEL	SERIAL NUMBER		EQUIPMENT NUMBER	METER READING		MACH. ID. NO.	
AA	836H	BXD00744			.0		E38622	
QUANTITY	ITEM	N/A	DESCRIPTION			UNIT PRICE	EXTENSION	

CUSTOMER CONTACT: TIM LEVERAGE

PLEASE SUBMIT PAYMENTS TO:

ALBAN TRACTOR CO. INC.
P.O. BOX 64251
BALTIMORE MD 21264

EQUIPMENT SALE

CATERPILLAR INC. MODEL 836H
836G LANDFILL COMPACTOR

1.0	ID NO: E38622	SERIAL NO: BXD00744	1168277.00
	REF: 284-2329	836H LANDFILL COMPACTOR	
1.0	REF: 271-8503	PRODUCT LINK, N.A. (ANSI)	
1.0	230-5682	LIGHTS, HID	
1.0	292-6094	CAB, FULL GLASS	
1.0	226-2510	FUEL ARRANGEMENT	
1.0	261-3265	STAIRWAY, FIXED, LEFT & RIGHT	
1.0	226-9971	SOUND SUPPRESSION	
1.0	269-0007	PRECLEANER, TURBINE/TRASH	
1.0	260-2014	BULLDOZER ARRANGEMENT	
1.0	164-3142	STEERING, STANDARD	
1.0	236-0969	INSTRUCTIONS, NORTH AMERICAN	
1.0	0P-3380	INSTRUCTIONS, ENGLISH	
1.0	184-5404	STRIKER BARS, W/CLEANER FINGERS	
1.0	285-3576	CAMERA, REAR VISION	
1.0	227-3792	LIGHT, WARNING, ROTATING BEACON	
1.0	278-2412	SWITCH, DISCONNECT, REMOTE MTD	

ITEMS MARKED _____ ARE NOT RETURNABLE
ITEMS NOT SHOWN ARE BACKORDERED

PAY THIS
AMOUNT

CREDIT
AMOUNT

MINIMUM CHARGE OF 10% WILL BE CHARGES ON PARTS RETURNED AFTER 10 DAYS. ALL PARTS RETURNED MUST BE ACCOMPANIED BY AN INVOICE COPY OR PACKING LIST. A SERVICE CHARGE WILL BE ADDED ON ALL PAST DUE ACCOUNTS.

CUSTOMER COPY



ALBAN TRACTOR CO. INC.

410-686-7777

Remit To: Box 64251, Baltimore, MD 21264

IN MARYLAND: BALTIMORE 410-688-7777 ANNAPOLIS JUNCTION 410-792-2007 EDGEWOOD 410-679-7800 LAPLATA 310-934-2622 MYERSVILLE 301-293-2377 DELMAR 410-896-4850 REMAN CENTER 410-780-4607 INDUSTRIAL & TRUCK ENGINES ELK RIDGE 410-796-8000 MARINE ENGINES OCEAN CITY 410-213-9373
IN DELAWARE: FELTON 302-284-4100
IN VIRGINIA: STERLING 703-460-6700 MANASSAS 703-221-8325 DUMFRIES 703-221-8325 WINCHESTER 640-667-4200

SOLD TO

CATERPILLAR FINANCIAL SVC
 2120 WEST END AVE
 NASHVILLE TN 37203

SHIP TO

CUSTOMER JOBSITE
 7341 BARKER'S LANDING RD
 EASTON, MD, 21601

INVOICE NUMBER	INVOICE DATE	CUSTOMER NO.	CUSTOMER PURCHASE ORDER NUMBER	STORE	DRV	SALESMAN	TERMS	PAGE
SALE00016140	04-06-09	0032500	VERBAL/LETTER	00	G	42	2	2
PSD/AWD NO.	DOC. DATE	PC	CC	MC	SHIP VIA			INVOICE SEQ. NO.
M21118	04-06-09			10	DELIVERY			122831
MAKE	MODEL	SERIAL NUMBER		EQUIPMENT NUMBER	METER READING		MACH. ID. NO.	
AA	836H	BXD00744			.0		E38622	
QUANTITY	ITEM	*N/R	DESCRIPTION			UNIT PRICE	EXTENSION	

- 1.0 215-9154 GUARD, CAB FRONT WINDOWS
- 1.0 180-3732 WIPER, INTERMITTENT, REAR
- 1.0 288-1744 RADIO, AM/FM, CD BASIC
- 1.0 146-7272 DIFFERENTIAL, NO SPIN, REAR
- 1.0 246-2689 HEATER, ENGINE COOLANT, 120V
- 1.0 114-5198 OIL CHANGE SYSTEM, HIGH SPEED
- 1.0 261-0958 CAES, ATTACHMENT READY OPTION
- 1.0 0P-0436 DOMESTIC TRUCK
- 1.0 318-0560 WHEELS, STEPPED TIP
- 3.0 WORKORDER SERVICE MANUALS
- 3.0 WORKORDER PARTS BOOKS
- 3.0 WORKORDER O & M MANUALS
- 1.0 WORKORDER 292-4539 CAT5 CABLE/CAESULTRA SY
- ATT: AA KIT-SOFTWARE-E38697 CATERPILLAR INC.
- ID NO: E38697 MISCELLANOUS
- 1.0 291-2174 CAESULTRA, ARO EQUIPPED MACHINE
- 1.0 326-4159 SOFTWARE, OFFICE SUITE V3.2
- 1.0 291-1391 KIT, CAESULTRA SERVICE
- 1.0 0P-0210 DOMESTIC TRUCK
- ATT: C7 836H-55WHEELS-E38638 CARON COMPACTOR PRODU
- ID NO: E38638 WHEELS AND/OR TIRES
- 1.0 CARON 8385-DYB7 55" STND WHEELS W/7"
- 1.0 COMPACTOR DURAMAX TRACTIONS AND B MEGA
- 1.0 COMPANY TEETH, 8860-00 SEMI-U TRASHBLADE
- 1.0 8486-HMI SEAL PROTECTION GROUP
- 1.0 W/INSTALLATION, 1951-11 STAPP
- 1.0 RING W/INSTALLATION
- ATT: F4 836H-FIRE-X-E38643 FIRE-X FIRE SUPPRESSI
- ID NO: E38643 FIRE CONTROL SYSTEM
- 1.0 FIRE-X ANSUL 4 TANK FIRE
- 1.0 SALES & SERV SUPPRESSION SYSTEM

ITEMS MARKED _____ ARE NOT RETURNABLE
 ITEMS NOT SHOWN ARE BACKORDERED

PAY THIS AMOUNT	➤	
CREDIT AMOUNT	➤	

MINIMUM CHARGE OF 10% WILL BE CHARGES ON PARTS RETURNED AFTER 10 DAYS. ALL PARTS RETURNED MUST BE ACCOMPANIED BY AN INVOICE COPY OR PACKING LIST. A SERVICE CHARGE WILL BE ADDED ON ALL PAST DUE ACCOUNTS.

CUSTOMER COPY



ALBAN TRACTOR CO. INC.

410-686-7777

Remit To: Box 64251, Baltimore, MD 21264

IN MARYLAND: BALTIMORE 410-686-7777 ANNAPOLIS JUNCTION 410-792-2007 EDGEWOOD 410-679-7800 LAPLATA 310-934-2622 MYERSVILLE 301-293-2377 DELMAR 410-896-4680 REMAN CENTER 410-780-4507 INDUSTRIAL & TRUCK ENGINES ELKRIDGE - 410-796-8000 MARINE ENGINES OCEAN CITY - 410-213-9373
IN DELAWARE: FELTON 302-284-4100
IN VIRGINIA: STERLING 703-450-6700 MANASSAS 703-221-8326 DUMFRIES 703-221-9326 WINCHESTER 540-667-4200

SOLD TO

CATERPILLAR FINANCIAL SVC
 2120 WEST END AVE
 NASHVILLE TN 37203

SHIP TO

CUSTOMER JOBSITE
 7341 BARKER'S LANDING RD
 EASTON, MD, 21601

INVOICE NUMBER	INVOICE DATE	CUSTOMER NO.	CUSTOMER PURCHASE ORDER NUMBER	STORE	DIV	SALESMAN	TERMS	PAGE
SALE00016140	04-06-09	0032500	VERBAL/LETTER	00	G	42	2	3
PSD/NO. NO.	DOC. DATE	PC	LC	MC	SHIP VIA	INVOICE SEQ. NO.		
M21118	04-06-09			10	DELIVERY	122831		
MAKE	MODEL	SERIAL NUMBER		EQUIPMENT NUMBER	METER READING	MACH. ID. NO.		
AA	836H	BXD00744			.0	E38622		
QUANTITY	ITEM	N/R	DESCRIPTION		UNIT PRICE	EXTENSION		

ATT: ZZ 836H-DSKTP-PC-E38722
 ID NO: E38722 MISCELLANEOUS
 1.0 DELL DESKTOP PC W/MONITOR FOR CAES
 1.0 SYSTEM
 ATT: ZZ 836H-RADIO-HI-E38721
 ID NO: E38721 MISCELLANEOUS
 1.0 ONE STOP KTL1B 2.4 GHZ HI SPEED RADIO,
 1.0 SOLUTIONS KTL2RD 2.4 GHZ HI SPEED REPEATER
 1.0 INC KTL2V HI SPEED RADIO (OMNI)
 1.0 UN12954 AL-JON 81-K 13694 48000.00-

6 MONTHS NEW MACHINE WARRANTY
 PLUS THREE WARRANTY 5 YEARS/10000 HOURS TOTAL
 MACHINE WARRANTY

NET DUE 10 DAYS 04/16/09

THANK YOU FOR YOUR BUSINESS **DS**

NON-TAX MARYLAND

ITEMS MARKED _____ ARE NOT RETURNABLE
 ITEMS NOT SHOWN ARE BACKORDERED

USD

PAY THIS AMOUNT	➤	1120277.00
CREDIT AMOUNT	➤	

MINIMUM CHARGE OF 10% WILL BE CHARGES ON PARTS RETURNED AFTER 10 DAYS. ALL PARTS RETURNED MUST BE ACCOMPANIED BY AN INVOICE COPY OR PACKING LIST. A SERVICE CHARGE WILL BE ADDED ON ALL PAST DUE ACCOUNTS.

CUSTOMER COPY

BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(09-04-2R)

A RESOLUTION

Authorizing a program for the reimbursement of certain unused leave to employees of the Maryland Environmental Service; providing eligibility requirements for such reimbursement; and generally relating to the Human Resources System of the Service.

R E C I T A L S

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the power to establish a personnel system, and determine the terms of employment including compensation, benefits, holiday schedules, leave schedules and any other matter concerning employees.

Pursuant to the Act, the Service has adopted COMAR 14.27.02 establishing and governing a Human Resources System. Regulation .11 governs the amount of annual leave employees of the Service may earn and accumulate, and the conditions of use of annual leave. Regulation .13 governs the amount of compensatory leave employees of the Service may earn and accumulate, and the conditions of use of compensatory leave. Regulation .15.A. governs the amount of holiday leave employees of the Service may earn and accumulate, and the conditions of use of holiday leave.

Employees of the Service are encouraged to make a reasonable effort to utilize at least 80 hours of annual leave in a calendar year. Many dedicated employees, however, have unused annual, holiday and compensatory leave at the end of each calendar year. Pursuant to various regulations and policies of the Service a portion of such unused leave is lost to the employee without compensation. The Board has now determined that certain Service employees should be reimbursed for a portion of unused annual, holiday and compensatory leave.

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

1. Each calendar year an eligible employee of the Service may be reimbursed for up to forty (40) hours of combined unused annual, holiday and compensatory leave. The Service shall not make any reimbursement to an employee unless the employee requests the reimbursement. An employee may choose to be reimbursed for less than forty (40) hours. An employee's balance of available leave will be reduced for each hour of reimbursed leave.
2. To be eligible for reimbursement for unused annual, holiday and compensatory leave, an employee of the Service must:
 - a. Not have utilized any leave without pay during the calendar year, unless such leave was approved Family and Medical Leave;
 - b. Have a combined balance of at least forty (40) hours of unused annual, holiday and compensatory leave after the employee is reimbursed; and
 - c. Have been continuously employed by the Service from at least June 30 through December 31 of the calendar year for which the employee requests reimbursement.
3. To the extent any provision of this Resolution conflicts with a provision of any previous resolution or policy approved by this Board, then the provisions of this Resolution shall prevail.
4. This Resolution shall take effect immediately.

ADOPTED, this 27th day of April, 2009.

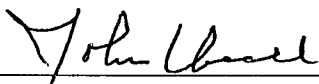
SEAL

MARYLAND ENVIRONMENTAL SERVICE

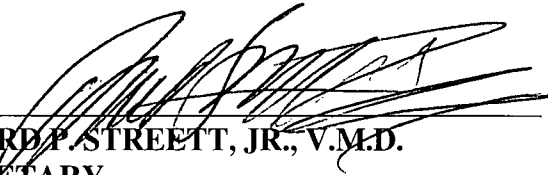
BY:



JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH C. ZIMMERMAN, TREASURER

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

MARYLAND ENVIRONMENTAL SERVICE
PERSONNEL POLICIES AND PROCEDURES

**Subject: SICK LEAVE
INCENTIVE PROGRAM**

**Policy No.: 3.04
Revision No.: 1
Page 1 of 2**

**BOARD OF DIRECTORS APPROVAL
January 25, 1996
~~Revision: May 2002~~
~~Revision: April 2009~~
~~December 2003~~**

**~~Directors Approval~~

~~January 25, 1996~~
~~December 2003~~**

I. POLICY

It is the policy of the Service to provide a Sick Leave Incentive Program to the extent funds are available, to encourage increased employee productivity. Payment received for unused sick leave is not compensation for employment. Any payment received under this Policy shall not be included in determining the employee's base salary.

II. PURPOSE

A. To provide employees with the guidelines and procedures for the sick leave incentive program.

III. DEFINITION

Sick Leave: Leave granted to Service employees pursuant to COMAR 14.27.02.12.

Calendar Year – The period between January 1 and December 31, inclusive.

IV. PROCEDURES

- A. To be eligible to participate in the Sick Leave Incentive Program an employee must:
- a. Be employed by MES for the full Calendar Year
 - b. Use less than 16 zero (0) sick leave hours during the Calendar Year
 - c. Be a MES employee at the time of payout
 - d. Not have received MES disability benefits during the Calendar Year

Subject: SICK LEAVE INCENTIVE PROGRAM
SICK LEAVE

Policy No.: 3.04
Revision No: 1
Page 2 of 2

IV. PROCEDURES

- B. A part-time employee may participate in the Sick Leave Incentive Program in the same manner as a full-time employee.
- C. Eligible employees will receive a Sick Leave Election Form in January. On the form, eligible employees will exercise their option to keep their unused sick leave hours or receive payment for the unused sick leave hours. The form is to be returned to Human Resources.
- D. Eligible employees can receive payment for a maximum of ~~8-24~~ hours if no sick leave hours are used during the calendar year.
- E. ~~Eligible employees can receive payment for a maximum of 16 hours if not more than 8 sick leave hours are used during the calendar year.~~
- F. ~~Eligible employees can receive payment for a maximum of 8 hours if more than 8 sick leave hours, but not more than 16 sick leave hours, are used during the calendar year.~~
- E.G. Sick leave balances will be reduced by the number of sick leave hours for which the employee is paid.
- F.H. Cashed out sick leave will be paid to the employee at the employee's hourly rate of pay as of December 31.
- ~~F.I.~~ Eligible employees who choose to receive payment for unused sick leave hours will be paid for the hours by the end of February.

V. AUTHORITY OF THE BOARD OF DIRECTORS

An employee does not have any right to payment for unused sick leave, except as expressly provided in this Policy. The Board of Directors, in its sole discretion, may terminate or amend this Policy at any time. Nothing in this policy shall be construed to obligate the agency to provide funds for the Sick Leave Incentive Program. The Board of Directors, in its sole discretion, may determine, at any time, that the agency shall not provide funds for the Sick Leave Incentive Program.

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
09-05-1R**

A RESOLUTION AUTHORIZING

THE SERVICE TO AMEND ITS 401K RETIREMENT PLAN AGREEMENT TO INCLUDE AN OPTIONAL PROFIT SHARING PLAN, 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") for its employees and has adopted amendments to the Plan from time to time; and

WHEREAS, the Board desires to further amend the Adoption Agreement to provide for optional discretionary employer profit sharing contributions.

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

1. The Comprehensive 401(k) Profit Sharing Plan Nonstandardized Adoption Agreement which is attached hereto as Attachment 1, is hereby adopted.
2. For Fiscal Year 2009, the Board hereby authorizes the Service to make a discretionary Employer Profit Sharing Contribution to the Plan on behalf of Qualifying Participants who

Resolution No. 09-05-1R
Amendment to 401(k) Plan
Page 2


are employed by the Service as of the effective date of this Resolution, in the amount of one percent (1%) of the Qualifying Participants' total compensation, retroactive to July 1, 2008.

The Service shall make the Contribution no later than June 30, 2009.

3. For Fiscal Year 2010, the Board hereby authorizes the Service to make a discretionary Employer Profit Sharing Contribution to the Plan on behalf of Qualifying Participants in the amount of one percent (1%) of the Qualifying Participants' total compensation.
4. Henry Cook, Chief Financial Officer of the Service is hereby authorized to execute, acknowledge and deliver the Comprehensive 401(k) Profit Sharing Plan Non Standardized Adoption Agreement, with any changes, insertions and omissions therein as may be approved by 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 Comprehensive 401(k) Profit Sharing Plan Non Standardized Adoption Agreement, and attest the same.
5. Henry Cook and the 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.
6. This Resolution shall be effective immediately.


ADOPTED this 18th day of May, 2009.

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

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
(09-06-1R)**

A RESOLUTION

APPROVING AN "OTHER POST-EMPLOYMENT BENEFITS ("OPEB") TRUST AGREEMENT, AUTHORIZING THE SERVICE TO MAKE CONTRIBUTIONS TO THE TRUST CREATED UNDER THE TRUST AGREEMENT, AUTHORIZING THE SERVICE TO UTILIZE THE ASSETS OF THE TRUST FOR THE PAYMENT OF BENEFITS UNDER THE SERVICE'S RETIREE MEDICAL REIMBURSEMENT PLANS, AND GENERALLY RELATING TO THE RETIREMENT AND HEALTH BENEFITS PROGRAM FOR CERTAIN EMPLOYEES AND RETIREES 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") previously approved the development and adoption of the "Maryland Environmental Service Retiree Medical Reimbursement Plans ("Reimbursement Plans") to provide reimbursement of medical care for eligible retirees of the Service and their surviving spouses; and

WHEREAS, Statement No. 45 issued by the Governmental Accounting Standards Board establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets); and

Resolution No. 09-06-1R
OPEB Trust Agreement
Page 2

WHEREAS, the Service desires to establish a trust (“OPEB Trust”) which will be separated from the Service with the intent that (i) the income of the OPEB Trust will not be subject to federal or State income or franchise taxes; (ii) contributions to the OPEB Trust will not be taxable to eligible employees or retirees; (iii) the OPEB Trust will qualify for purposes of Governmental Accounting Standard Board Statement No. 45; and (iv) all assets of the OPEB Trust are and will be irrevocably dedicated to, and shall be used for the exclusive purpose of, providing for payments of benefits under the Reimbursement Plans to or for the benefit of the eligible employees and retirees, and for paying the reasonable expenses of administering the Reimbursement Plans and the OPEB Trust, and will not be available to any creditors of the Service; and

WHEREAS, the Service intends to establish the OPEB Trust by entering into an OPEB Trust Agreement with The Bank of New York Mellon Trust Company, N.A. as Trustee.

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

1. The Board hereby determines that it is in the best interests of the Service to create an irrevocable trust for certain post-employment benefits, which may include benefits to its eligible employees and retirees made in accordance with the Reimbursement Plans.
2. The OPEB Trust Agreement, which is attached hereto as Attachment 1, is hereby adopted. The terms of the Reimbursement Plans shall govern the payment and disbursement of the funds held in the OPEB Trust. Payments shall be made from the OPEB Trust only to provide benefits provided in the Reimbursement Plans in accordance with the terms of the Reimbursement Plans.
3. In accordance with Section 3.2 of the OPEB Trust Agreement, the Director of the Service

Resolution No. 09-06-1R
OPEB Trust Agreement
Page 3

is hereby designated the Plan Administrator, with full authority to act on behalf of the Service pursuant to the OPEB Trust Agreement.

4. In accordance with Section 3.4 of the OPEB Trust Agreement, the Treasurer of the Service is hereby designated the Authorized Agent, with full authority to act on behalf of the Service and the Plan Administrator pursuant to the OPEB Trust Agreement.
5. The Treasurer is hereby authorized and directed to contribute up to \$425,000 to the Trust for FY 08 and FY 09 accrued OPEB liability. Each year the Treasurer shall determine the specific amount to contribute to the Trust based upon an actuarial evaluation of the Service's potential OPEB liability.
6. The Director of the Service is hereby authorized to execute, acknowledge and deliver the OPEB Trust Agreement, with any changes, insertions and omissions therein as may be approved by 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 OPEB Trust Agreement and attest the same.
7. 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.
8. This Resolution shall be effective immediately.

ADOPTED this 22nd day of June, 2009.

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

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

09-07-1R

A RESOLUTION AUTHORIZING

THE SERVICE TO AMEND ITS 401K RETIREMENT PLAN AGREEMENT TO INCORPORATE CERTAIN CHANGES REQUIRED BY THE PENSION PROTECTION ACT OF 2006, 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”) for its employees and has adopted amendments to the Plan from time to time; and

WHEREAS, the Board desires to further amend the Adoption Agreement to comply with certain provisions of the Pension Protection Act of 2006.

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

- 1.** The “Pension Protection Act of 2006 401(k) Adoption Agreement Amendment” (the “Adoption Agreement Amendment”) which is attached hereto as Attachment 1, is hereby

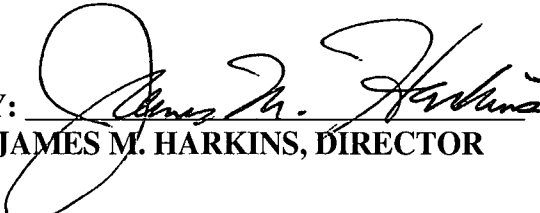
Resolution No. 09-07-1R
Amendment to 401(k) Plan
Page 2

adopted.

2. Henry Cook, Chief Financial Officer of the Service is hereby authorized to execute, acknowledge and deliver the Adoption Agreement Amendment, with any changes, insertions and omissions therein as may be approved by 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 Adoption Agreement Amendment, and attest the same.
3. Henry Cook and the 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 immediately.

ADOPTED this 27th day of July, 2009.

MARYLAND ENVIRONMENTAL SERVICE

BY: 
JAMES M. HARKINS, DIRECTOR

BY: 
JOHN O'NEILL, DEPUTY DIRECTOR

BY: 
JOSEPH ZIMMERMAN, TREASURER

Resolution No. 09-07-1R
Amendment to 401(k) Plan
Page 3

BY: 

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

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 09-09-1R

A RESOLUTION AUTHORIZING

The issuance, sale, execution and delivery by the Maryland Environmental Service (the "Service") of a revenue bond anticipation note, to be designated Maryland Environmental Service Revenue Bond Anticipation Note, (Mid-Shore II Regional Landfill Project) Series 2009A (the "Bond Anticipation Note") in an aggregate principal amount not to exceed Twelve Million Dollars (\$12,000,000.00), for the purpose of paying all or a part of the cost of a project of the Service consisting generally of the planning, design, permit acquisition, land acquisition, financing, construction, and operation of a new solid waste landfill located in Caroline County, Maryland, to be known as the Mid-Shore II Regional Landfill (the "Project"); approving the execution and delivery of an Installment Financing and Security Agreement (the Financing Agreement") between the Service and Bank of America, N.A. (the "Bank"); providing for the Bond Anticipation Note to be an obligation of the Service payable from amounts received pursuant to Service Agreements (as defined herein) between the Service and the Mid-Shore Counties (as defined herein), from such other revenues as may be received by the Service in connection with the operation of the Project, and from the proceeds of future bonds, notes or other obligations of the Service, authorizing the Director and other officers of the Service to execute and deliver related instruments and documents; and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Section 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2005 Replacement Volume, 2009 Supplement), as amended to date (the "Act"), including, (among others) the powers (i) to borrow money for the purpose of paying all or any part of the cost of any one or more projects or for any other purpose of the Service, (ii) to enter into contracts with the Federal or any State government, or any unit, instrumentality or subdivision thereof, or with any municipality or person within or without the State of Maryland, providing for or relating to the furnishing of services to the facilities of any Project of the Service, and (iii) to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purposes of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves.

Pursuant to a Memorandum of Understanding dated February 4, 2005 (the "MOU"), between the Service and the County Commissioners of Caroline County, County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Talbot County, Maryland (collectively, the "Mid-Shore Counties"), the Service agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of a new solid waste landfill to

be located near Ridgely, Caroline County, Maryland. In furtherance of the Project, the Service and the Mid-Shore Counties have entered into waste disposal service agreements (the "Service Agreements") under which the Mid-Shore Counties have made binding, long-term commitments to the Service for the disposal of solid waste generated within the boundaries of the Mid-Shore Counties. The Service Agreements provide that the Mid-Shore Counties will pay a tipping fee for each ton of acceptable waste that is delivered to the Project, and will pay a supplemental fee in the event that the total costs of the Project exceed the Project revenues.

The Service has determined to issue its Bond Anticipation Note in order to finance all or a portion of the cost of the Project. The Service will sell the Bond Anticipation Note to the Bank pursuant to the terms and conditions set forth in the Financing Agreement.

The Service considers all the transactions contemplated by this Resolution to be in furtherance of the public purposes of the Act and the Service.

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

1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.
2. The issuance, sale and delivery of the Bond Anticipation Note in a principal amount not to exceed \$12,000,000.00, to be designated Maryland Environmental Service Revenue Bond Anticipation Note, (Mid-Shore II Regional Landfill Project) Series 2009A, shall be, and hereby is, authorized and directed pursuant to the provisions of the Act to provide funds for the payment of all or any part of the cost of the Project, as provided in the Act.
3. The Bond Anticipation Note shall be sold to the Bank substantially on the terms and conditions set forth in the Financing Agreement presented to this meeting. The total principal amount of the Bond Anticipation Note shall not exceed \$12,000,000.00. The annual interest rate of any maturity of the Bond Anticipation Note shall be equal to the greater of (i) 1.95 percent or (ii) 60 percent of LIBOR (as defined in the Bond Anticipation Note) plus 0.85 percent. The final maturity date of the Bond Anticipation Note shall not be more than one (1) year from the date of the issuance of the Bond Anticipation Note. The Director shall, subject to the limitations set forth in this paragraph, fix the principal amount of the Bond Anticipation Note, the interest rate or rates for the Bond Anticipation Note, and the principal payment schedule for the Bond Anticipation Note. The Director shall include such items in the Bond Anticipation Note.
4. The Bond Anticipation Note shall be issued under, secured in accordance with, and have the terms set forth in the Financing Agreement. The Bond Anticipation Note shall be, and hereby is directed to be, executed and delivered to the Bank substantially in the form of the Bond Anticipation Note presented to this meeting with such changes, omissions, insertions and revisions as shall be deemed desirable by the

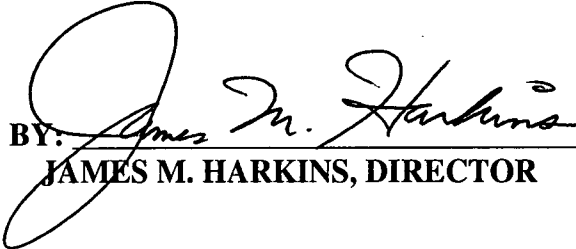
Director; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution. The execution of the Bond Anticipation Note by the Director of the Service shall be conclusive evidence of the approval by the Service of all changes in the form of the Bond Anticipation Note and of the due execution of the Bond Anticipation Note by the Service. The Director of the Service is expressly authorized to execute and deliver from time to time such amendments to the Bond Anticipation Note as shall be deemed necessary or appropriate by the Director to cure any defect or ambiguity in the Bond Anticipation Note, or to add any provision thereto beneficial to the Service.

5. The Financing Agreement shall be, and hereby is, adopted and approved, and the Director of the Service shall be, and hereby is, authorized to execute and deliver such Financing Agreement substantially in the form approved hereby with such changes, omissions, insertions, and revisions as shall be deemed desirable by the Director, provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution. The execution of the Financing Agreement by the Director of the Service shall be conclusive evidence of the approval by the Service of all changes in the form of the Financing Agreement and of the due execution of the Financing Agreement by the Service. The Director of the Service is expressly authorized to execute and deliver from time to time such amendments to the Financing Agreement as shall be deemed necessary or appropriate by the Director to cure any defect or ambiguity in the Financing Agreement, or to add any provision thereto beneficial to the Service.
6. The Service hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code") and the Income Tax Regulations thereunder, in order to preserve the status of the interest on the Bond Anticipation Note as excluded from gross income for Federal income tax purposes. Without limiting the generality of the foregoing covenant, the Service hereby covenants to comply with the provisions of the Non-Arbitrage Certificate and Tax Covenants executed and delivered by the Service in connection with the issuance of the Bond Anticipation Note.
7. The Director and the other officers of the Service shall be, and hereby are, authorized to take such other acts and to execute and deliver such other documents, certificates, papers, instruments, opinions, or affidavits and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, and the terms and conditions of the Bond Anticipation Note and the Financing Agreement.
8. The execution by the Director of the Service, or any other officer of the Service, of any other document authorized herein to be executed by the Director or other officer shall constitute conclusive evidence of approval of such document, and any and all changes thereto from the form presented to the Board.
9. This Resolution shall take effect immediately upon its adoption.

ADOPTED, this 28th day of September, 2009.

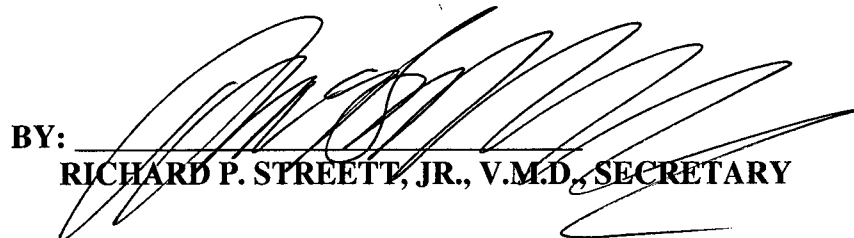
SEAL

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

**UNITED STATES OF AMERICA
STATE OF MARYLAND**

No. R- 1

MARYLAND ENVIRONMENTAL SERVICE

\$12,000,000

**REVENUE BOND ANTICIPATION NOTE
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2009A**

The MARYLAND ENVIRONMENTAL SERVICE (the "Issuer"), a body politic and corporate and an instrumentality of the State of Maryland (the "State"), for value received, acknowledges itself indebted and promises to pay to Bank of America, N.A. (the "Bank"), as registered owner of this Note, or any registered assigns (the person who is registered as owner of this Note on the note register maintained by the Note Registrar, the "Registered Owner"), the principal amount of Twelve Million Dollars (\$12,000,000) and to pay interest on the principal amount of this Note at a rate per annum equal to the greater of (i) 1.95 percent or (ii) 60 percent of LIBOR (as hereinafter defined) plus 0.85 percent. As used in this Note, "LIBOR" means the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the first day this Note is outstanding, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a 30-day term. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. The LIBOR rate shall be adjusted on the first day of each month, and the rate shall be adjusted to the applicable LIBOR rate in effect at the time of such adjustment. Interest shall be computed on the basis of actual days elapsed over a year consisting of 360 days, beginning September 29, 2009. Interest shall be payable on this Note on the 29th day of each month, beginning October 29, 2009, through and including September 29, 2010, on which date the principal amount hereof plus all accrued and unpaid interest due and owing on this Note shall be due and payable in full. Capitalized terms used but not defined herein shall have the meanings given them in the Installment Financing and Security Agreement, dated September 29, 2009, between the Issuer and the Bank (the "Agreement").

Notwithstanding anything to the contrary herein contained, (1) upon each Rate Adjustment Event, the interest rate payable on this Note shall change as set forth in Section 2.3 of the Agreement and (2) upon the occurrence and during the continuance of an Event of Default, this Note shall bear interest at the rate specified above plus three percent (the "Default Rate"), with such Default Rate to be effective on the first date as of which the applicable Event of Default occurs notwithstanding the fact that such Event of Default may not be reported or otherwise discovered until a subsequent date.

Both principal of and interest on this Note are payable in lawful money of the United States of America. The principal of and interest on this Note are payable by check or by wire

transfer mailed or sent to the Registered Owner hereof without presentation and surrender except for the final payment of principal and interest which shall be payable upon presentation and surrender hereof at the office of the Secretary of the Issuer, as Note Registrar.

The holder of this Note shall be required to give the Issuer at least two (2) days' prior written notice of each principal or interest payment due; but failure to give any such notice shall not relieve the Issuer of its obligation to make timely payments on this Note. If any Payment Date is not a Business Day, the Issuer will not be required to make payment until the next succeeding Business Day, and no interest will accrue on such payment in the intervening period.

This Note may be prepaid only in accordance with the provisions of this paragraph. The Issuer shall have the option to prepay its obligations under this Note in whole or in part ("the Option") on any date, plus interest accrued thereon to the Redemption Date (as hereinafter defined). The Issuer shall give notice (the "Notice") to the Registered Owner of its intention to exercise this Option not less than fifteen (15) days prior to the date on which the Option will be exercised (the "Redemption Date") and shall pay to the Registered Owner not later than such Redemption Date the redemption amount set forth above. In the event that such amounts are not received by the Registered Owner on such Redemption Date, such notice by the Issuer of its intention to exercise the Option shall be void and this Note shall continue in full force and effect.

This Note has been duly authorized by the Resolution (as hereinafter defined) and is issued for the purpose of providing funds to finance the Project. This Note, the interest hereon and other costs incident hereto are limited obligations of the Issuer payable solely from the proceeds of the Bonds, and otherwise from the Revenues, which Revenues have been pledged and assigned to the Bank to secure payment thereof.

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

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

This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State, particularly the Maryland Environmental Service Act (being Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act")) and Resolution No. _____ adopted by the Board of Directors of the Issuer on September 28, 2009 (the "Resolution").

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name by the Director of the Issuer, its seal to be affixed and attested by the Treasurer of the Issuer, all as of this ____ day of September 2009.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
James M. Harkins
Director

[SEAL]

ATTEST:

Joseph C. Zimmerman
Treasurer

BANK OF AMERICA, N.A.

as the Lender

and

MARYLAND ENVIRONMENTAL SERVICE

as the Borrower

INSTALLMENT FINANCING AND SECURITY AGREEMENT

Dated September 29, 2009

TABLE OF CONTENTS

ARTICLE I	DEFINITIONS	2
	Section 1.1 Definitions	2
	Section 1.2 Rules of Construction	5
ARTICLE II	REPRESENTATIONS AND COVENANTS	6
	Section 2.1 Representations and Covenants by the Borrower	6
	Section 2.2 General Tax Covenants.....	8
	Section 2.3 Interest Rate and Payment Adjustment.....	9
ARTICLE III	IMPLEMENTATION OF THE PROJECT.....	9
	Section 3.1 Purpose of Agreement	9
	Section 3.2 Agreement to Implement Project.....	9
	Section 3.3 Payment of Project Costs.....	10
	Section 3.4 Title.....	10
	Section 3.5 Construction of Project.....	10
	Section 3.6 Disclaimers of the Lender.....	12
	Section 3.7 Installation of Borrower’s Personal Property	13
ARTICLE IV	PAYMENTS; REPAYMENTS; MAINTENANCE; INSURANCE; TAXES	13
	Section 4.1 Issuance of Note; Financing of Project; Grant of Security Interest	13
	Section 4.2 Term.....	13
	Section 4.3 Payments.....	13
	Section 4.4 Prepayments.....	14
	Section 4.5 [Reserved.].....	14
	Section 4.6 Insurance.....	14
	Section 4.7 Expenses; Taxes.....	15
	Section 4.8 Proof of Payment of Taxes, Other Charges	15
	Section 4.9 No Encumbrances.....	15
	Section 4.10 Performance by the Lender of the Borrower’s Responsibilities.....	15
	Section 4.11 Financial Statements.....	16
	Section 4.12 Maintenance, Care and Use	16
	Section 4.13 Inspection.....	16
	Section 4.14 Limited Obligation of the Borrower	16
ARTICLE V	DAMAGE, DESTRUCTION OR CONDEMNATION.....	17
	Section 5.1 Damage or Destruction.....	17
	Section 5.2 Condemnation; Loss of Title	17
ARTICLE VI	EVENTS OF DEFAULT AND REMEDIES	18

TABLE OF CONTENTS
cont'd.

	Page
Section 6.1	Events of Default 18
Section 6.2	Remedies..... 20
Section 6.3	[Reserved.]..... 20
Section 6.4	Reinstatement after Event of Default 20
Section 6.5	No Remedy Exclusive 20
Section 6.6	No Additional Waiver Implied by One Waiver..... 21
Section 6.7	Attorneys' Fees and Other Expenses 21
ARTICLE VII	ASSIGNMENT..... 21
Section 7.1	Assignment by the Lender 21
Section 7.2	Assignment by the Borrower 22
ARTICLE VIII	MISCELLANEOUS 22
Section 8.1	Notices 22
Section 8.2	Severability 22
Section 8.3	Successors and Assigns 22
Section 8.4	Applicable Law 22
Section 8.5	Indemnification..... 22
Section 8.6	Counterparts..... 23
Section 8.7	Entire Agreement..... 23
Section 8.8	Consent 23
Section 8.9	Waiver of Sovereign Immunity 23
Exhibit A – Description of Project A-1

THIS INSTALLMENT FINANCING AND SECURITY AGREEMENT, dated September 29, 2009, is entered into between BANK OF AMERICA, N.A., a national banking association (the "Lender"), and MARYLAND ENVIRONMENTAL SERVICE, an instrumentality of the State of Maryland constituted as a body politic and corporate (the "Borrower").

WITNESSETH:

WHEREAS, the Borrower was created by and exists under the Maryland Environmental Service Act, being codified as Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act"), in order to assist with the preservation, improvement and management of the quality of air, land and water resources and to promote the health and welfare of the citizens of the State of Maryland; and

WHEREAS, County Commissioners of Caroline County, Maryland, County Commissioners of Queen Anne's County, County Commissioners of Kent County and Talbot County, Maryland (collectively, the "Mid-Shore Counties") have established a regional system of solid waste disposal to accommodate their separate and differing systems of collection and disposal of solid waste, including recycling programs developed cooperatively with the Borrower; and

WHEREAS, the Mid-Shore Counties have determined that it is in the public interest of each of them to take advantage of any economies of scale and opportunities for solid waste disposal which may be achieved through a regional solid waste disposal system; and

WHEREAS, the Borrower is empowered to assist the Mid-Shore Counties in providing solid waste disposal services; and

WHEREAS, the Borrower previously undertook the planning, design, permit acquisition, financing, construction, and operation of a new landfill located in Talbot County, Maryland, near the Town of Easton (the "Mid-Shore I Landfill") and the Mid-Shore Counties entered into waste disposal service agreements with the Borrower (the "Prior Waste Disposal Service Agreements") in order to make binding, long-term commitments to the Borrower for the disposal of solid waste generated within the boundaries of the Mid-Shore Counties; and

WHEREAS, the Mid-Shore I Landfill is expected to close on December 31, 2010 and the Prior Waste Disposal Service Agreements will expire in 2011; and

WHEREAS, in a Memorandum of Understanding dated February 4, 2005 (the "MOU"), between the Borrower and the Mid-Shore Counties, the Borrower agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of a new landfill to accept solid waste generated within the boundaries of the Mid-Shore Counties upon the closure of the Mid-Shore I Landfill; and

WHEREAS, the Mid-Shore Counties have entered into new waste disposal service agreements with the Borrower substantially identical in form and substance to the Prior Waste Disposal Service Agreements in connection with the Mid-Shore II Landfill, as hereinafter defined; and

WHEREAS, in connection with the MOU and the Waste Disposal Service Agreements, as hereinafter defined, the Borrower has taken title to the site for the Mid-Shore II Landfill and has commenced construction of the Mid-Shore II Landfill (as more particularly described in Exhibit A, the "Project"); and

WHEREAS, the Borrower intends to issue and sell to the Lender, and the Lender has agreed to purchase from the Borrower, its Note, as hereinafter defined, to finance a portion of the costs of the Project; and

WHEREAS, the Borrower intends to issue its long-term bonds (the "Bonds") in the future for the purpose of financing the remaining costs of the Project and to use the proceeds thereof to retire the Note; and

WHEREAS, the Borrower desires to issue and sell to the Lender its Note pursuant to the terms and conditions hereinafter set forth; and

WHEREAS, the obligation of the Borrower to make certain payments, as herein provided, shall not constitute a pledge of the faith and credit of the Borrower but shall be made solely from the proceeds of the sale of the Bonds, and otherwise from the Revenues, as hereinafter defined.

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained, the parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. The terms defined in this Article shall, for all purposes of this Agreement, have the meanings in this Article specified, unless the context clearly indicates some other meaning:

"Act" means the Maryland Environmental Service Act, being codified as Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended.

"Additional Payments" means payments (other than Installment Payments) required to be paid by the Borrower hereunder, including in particular payments under Section 4.7 hereof.

"Advance" means the principal amount of the Note, which amount is to be advanced by the Lender on the date hereof to the Borrower to enable the Borrower to finance the Implementation of the Project pursuant to the terms of this Agreement.

"Agreement" means this Installment Financing and Security Agreement and any and all amendments or supplements hereto.

"Basic Agreements" means this Agreement, the Note and the Waste Disposal Service Agreements.

“Bonds” means the long-term bonds to be issued by the Borrower in the future, the proceeds of which will be used to retire the Note and to finance the remaining costs of the Project.

“Borrower” means Maryland Environmental Service, an instrumentality of the State of Maryland constituted as a body politic and corporate.

“Business Day” means a day (a) on which the Lender in the City of Charlotte, North Carolina is open for the purpose of conducting a commercial banking business, (b) on which the New York Stock Exchange is open for trading and (c) on which the Borrower is not authorized or required to be closed.

“Code” means the Internal Revenue Code of 1986, as amended, as it applies to this Agreement and final regulations and all proposed regulations which, if adopted in their present form would be retroactive and apply to this Agreement. Reference herein to any specific provision of the Code shall be deemed to include any successor provision thereto.

“Default Rate” means the Note Rate plus three percent.

“Event of Default” shall have the meaning set forth in Section 6.1 hereof.

“Implement,” “Implementing,” “Implementation,” or any other grammatical form thereof, when used in connection with the Project, means design, acquire, renovate, construct, install and equip, as the case may be.

“Installment Payments” means the payments of interest payable by the Borrower on the Note pursuant to Section 4.3 during the Term, with the outstanding principal amount of the Note becoming due and payable on the Termination Date.

“Lender” means Bank of America, N.A., a national banking association, and any successor or assignee thereof.

“LIBOR” means the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Lender from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the first day this Agreement is outstanding, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a 30-day term. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A “London Banking Day” is a day on which banks in London are open for business and dealing in offshore dollars. The LIBOR rate shall be adjusted on the first day of each month, and the rate shall be adjusted to the applicable LIBOR rate in effect at the time of such adjustment.

“Mid-Shore Counties” means County Commissioners of Caroline County, Maryland, County Commissioners of Queen Anne’s County, County Commissioners of Kent County and Talbot County, Maryland.

“Mid-Shore II Landfill” means the sanitary landfill which the Borrower is developing on an approximately 218 acre parcel of land located adjacent to the Holly Road Landfill near Ridgley, Caroline County, Maryland, and which is intended to receive solid waste from the Mid-Shore Counties under the Waste Disposal Service Agreements.

“Net Proceeds” means the gross proceeds from any insurance recovery, condemnation or eminent domain award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Note” means the Revenue Bond Anticipation Note (Mid-Shore II Regional Landfill Project), Series 2009A of the Borrower in the principal amount of \$12,000,000, dated the date hereof, and delivered to the Lender, and any amendments, extensions or supplements thereto.

“Note Rate” means the rate per annum equal to the greater of (i) 1.95 percent or (ii) 60 percent of LIBOR plus 0.85 percent.

“Payment of Installment Payments” means payment in full of all Installment Payments due and to become due to and including the final scheduled payment date.

“Permitted Encumbrances” means:

(a) any lien arising by reason of any deposit by the Borrower to secure any public or statutory obligation, or to secure, or in lieu of, any surety, stay or appeal bond, and any deposit as security for the payment of taxes or assessments or other similar charges;

(b) any lien arising by reason of any deposit with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risk or in connection with workers’ compensation, unemployment insurance, any pension or profit sharing plan or other social security, or to share in the privileges or benefits required for the participation of the Borrower in such arrangements;

(c) any right reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law; any lien for taxes, assessments, levies, fees, water and sewer rents or charges and other governmental and similar charges and any lien of any mechanic, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or that is not delinquent or the amount or validity of which his being contested and execution thereon stayed;

(d) any lien granted for the benefit of the Lender in accordance with this Agreement;

(e) any lien placed upon any tangible real or tangible personal property being acquired by the Borrower to secure all or a portion of the purchase price thereof; and

(f) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances as the Borrower shall determine do not materially impair the use of the Project or

any additional facilities for their intended purpose or the value of the Project or any additional facilities.

“Project,” whether one or more, means the transaction or set of transactions more particularly described on Exhibit A attached hereto and all substitutions therefor, replacements thereof and additions thereto, and all reasonably necessary or convenient associated equipment and other personal property or fixtures, such description as may be amended from time to time.

“Project Costs” shall be deemed to include payment of or reimbursement for the items permitted under the Act.

“Rate Adjustment Event” means any determination by the Internal Revenue Service, any federal administrative agency or any court (a) that the Borrower has taken an action, or failed to take an action, with the result that the interest components of Installment Payments are includable in gross income for federal income tax purposes, or (b) that the Borrower’s Note is not a “qualified tax-exempt obligation” within the meaning of Code Section 265 as a result of (i) any action the Borrower takes, or fails to take, or (ii) any representation made by the Borrower in this Agreement being a misrepresentation.

“Revenues” means (i) all payments payable to and received by the Borrower pursuant to the Waste Disposal Service Agreements and (ii) all other rentals, rates, fees, charges, receipts and other revenues of the Borrower attributable to the ownership, leasing or operation of the Project, and the financing of the Project and any additional facilities with the proceeds of the Note.

“State” means the State of Maryland.

“Term” means the duration of this Agreement and the period during which payments are to be made hereunder, such Term now scheduled to terminate on the Termination Date, unless such date is extended pursuant to Section 4.2.

“Termination Date” means September 29, 2010, unless such date is extended pursuant to Section 4.2 hereof.

“Waste Disposal Service Agreements” means, collectively, the Waste Disposal Service Agreement, dated as of May 19, 2009, between County Commissioners of Caroline County, Maryland and the Borrower; the Waste Disposal Service Agreement, dated as of May 12, 2009, between County Commissioners of Queen Anne’s County and the Borrower; the Waste Disposal Service Agreement, dated as of May 19, 2009, between County Commissioners of Kent County and the Borrower; and the Waste Disposal Service Agreement, dated as of May 26, 2009, between Talbot County, Maryland and the Borrower, for the disposal of solid wastes generated within the boundaries of the Mid-Shore Counties.

Section 1.2 Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the prepayment or calling for prepayment of the Borrower's obligations hereunder shall not be deemed to refer to or connote the payment of the Borrower's obligations hereunder at their stated maturity or payment dates.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Agreement.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants by the Borrower. The Borrower makes the following representations and covenants:

(a) the Borrower is a body politic and corporate and an instrumentality of the State, duly organized and validly existing under the constitution and laws of the State, with full legal right, power and authority to enter into and perform its obligations under the Basic Agreements;

(b) the Implementation of the Project is essential in order to permit the Borrower to carry out the public functions that it is authorized by law to perform. The Borrower anticipates an ongoing need for the Project and the Project will serve functions which are essential to the proper, efficient and economic operation of the Borrower;

(c) the Borrower has full power and authority to enter into the Basic Agreements and all other documents to which it is a party, to perform the transactions contemplated thereby, to carry out its obligations thereunder and, by proper action, has duly authorized, executed and delivered such Basic Agreements and other documents, and the Basic Agreements constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms;

(d) the Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred, and, to the best of its knowledge, no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in an event of default thereunder;

(e) the Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Basic Agreements, to the best of its knowledge, will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the Borrower or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement,

instrument or restriction of any kind to which the Borrower or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation;

(f) to the best of its knowledge, no further approval, consent or withholding of objection on the part of any regulatory body or any official, Federal, state or local, is required in connection with the execution or delivery of or compliance by the Borrower with the terms and conditions of any agreement with respect to the Project to which it is a party;

(g) there are no liens or encumbrances encumbering the Project or any of the real or personal property which is part of the Project other than the Permitted Encumbrances;

(h) there is no material litigation at law or in equity or any proceeding before any governmental agency involving the Borrower pending or, to the knowledge of the Borrower, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the activities or assets of the Borrower or that would affect the Implementation of the Project, the validity of the Basic Agreements or the performance of the Borrower's obligations thereunder;

(i) the Borrower shall be responsible for any and all costs of the Project in excess of the Advance;

(j) the Borrower shall own the Project at all times and comply with all applicable permits, laws, rules, regulations and ordinances;

(k) the loan application, financial statements and other information submitted by the Borrower to the Lender are true and complete and accurately reflect the Borrower's financial condition and income, and no event or circumstance, either individually or in the aggregate, has occurred that would have a material adverse effect on such information;

(l) the Borrower shall at all times maintain the insurance coverages as required by this Agreement and shall from time to time at the Lender's request provide evidence of such insurance in form and substance satisfactory to the Lender;

(m) the Borrower is in compliance with all applicable governmental laws and regulations applicable to the conduct of its business and the operation of the Project and its other facilities (including, but not limited to, all environmental, health, safety and zoning laws, ordinances, rules and regulations), the noncompliance with which would have a material adverse effect on the Borrower's financial condition or operations or the operation of the Project, and is not subject to an investigation that is evaluating a remedial action which would have a material adverse effect on the Borrower's financial condition or operations or the operation of the Project;

(n) no receivership, insolvency, bankruptcy, reorganization or other similar proceeding relative to the Borrower or its properties is pending or, to the knowledge of the Borrower, is threatened against it;

(o) the Borrower shall file copies of all statements and reports which, to the knowledge of the Borrower, are required to be filed with any governmental authority and which are material to its operations;

(p) the Borrower shall promptly notify the Lender of any default by the Borrower or any of the Mid-Shore Counties under the Waste Disposal Service Agreements or any filing by or against the Borrower of a petition in bankruptcy or any similar insolvency proceeding;

(q) the Borrower shall promptly inform the Lender of any material litigation, material governmental proceedings or investigations, environmental proceedings or other actual or contingent liabilities (within the meaning of generally accepted accounting principles) the adverse determination of which would materially prejudice the payments due hereunder and on the Note, the performance of the Borrower's obligations under the Basic Agreements or the operation of the Project;

(r) the Borrower will immediately inform the Lender of any material change in the accounting or financial reporting practices of the Borrower;

(s) the Borrower shall pay all taxes, assessments, governmental charges, claims for labor, supplies and rent, and other obligations which, if unpaid, would become a lien against the Project or the Borrower's other facilities (except liabilities being contested in good faith and against which, if requested by the Lender, the Borrower shall set up reserves satisfactory to the Lender);

(t) the Borrower at all times shall maintain its existence, and the Borrower shall not merge or consolidate with, or sell or transfer all or substantially all of its property or assets;

(u) the Borrower shall comply with all material valid and applicable federal, state and local statutes, rules and regulations, including, without limitation, any applicable environmental laws, and shall comply with all material orders, decrees and demands of any court or governmental authority affecting the Borrower or the Project;

(v) the Borrower shall keep proper books of record and account, in which full and correct entries shall be made in accordance with generally accepted accounting principles, consistently applied, of all its business and affairs. The Borrower shall keep and maintain its books and records, including recorded data of any kind and regardless of the medium of recording, at the address of the Borrower set forth in Section 8.1;

(w) the Borrower shall promptly inform the Lender of any Event of Default hereunder, other than an event described in Section 6.1(a)(i) or (ii); and

(x) the Borrower shall use the proceeds of the Bonds to pay the principal of the Note, plus all accrued and unpaid interest due and owing on the Note, and to finance the remaining costs of the Project.

Section 2.2 General Tax Covenants. The Borrower will not take any action, if any such action would adversely affect the exclusion from gross income of the interest components

of the Installment Payments under Section 103 of the Code. The Borrower further covenants to do and perform all acts and things permitted by law and necessary to assure that the interest components of the Installment Payments be and remain excluded from gross income of the Lender for federal income tax purposes pursuant to Section 103 of the Code. The Borrower will not directly or indirectly use or permit the use of any proceeds of the Note, or take or omit to take any other action, that would cause the Note to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. The Borrower further covenants that the Note is not a “private activity bond” as defined in Section 141 of the Code.

Without limiting the generality of the foregoing, the Borrower agrees that there shall be paid from time to time all amounts, if any, required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Note from time to time. This covenant shall survive the payment in full of all obligations under this Agreement.

Notwithstanding any provision of this Section 2.2, if the Borrower shall provide to the Lender an opinion of counsel to the effect that any action required under this Section 2.2 is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest components of the Installment Payments under Section 103 of the Code, the Borrower and the Lender may rely conclusively on such opinion in complying with the provisions hereof.

The Borrower hereby represents that it reasonably expects that the Borrower, together with all subordinate entities thereof and any other entities which issue obligations on behalf of the Borrower, will not issue more than \$30,000,000 of tax-exempt obligations (other than private activity bonds, except for qualified 501(c)(3) bonds) during the calendar year in which this Agreement is executed. The Borrower hereby designates the Note as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

Section 2.3 Interest Rate and Payment Adjustment. (a) Upon each Rate Adjustment Event, the schedule for payment of Installment Payments shall change retroactively to the date of such Rate Adjustment Event. From and after such Rate Adjustment Event, the interest rate used to calculate the schedule of Installment Payments shall change to such rate as the Lender may reasonably determine shall be appropriate to provide the Lender with the same tax equivalent yield it enjoyed prior to the Rate Adjustment Event.

(b) It is further expressly provided that the Borrower shall additionally pay to the Lender, any taxes, interest, penalties or other charges assessed against or payable by such beneficiary and attributable to a Rate Adjustment Event, notwithstanding the repayment of the entire Advance or any transfer or assignment by Lender of this Agreement.

ARTICLE III IMPLEMENTATION OF THE PROJECT

Section 3.1 Purpose of Agreement. The purpose of this Agreement is to provide for the financing of the Implementation of the Project by the Borrower.

Section 3.2 Agreement to Implement Project. The Borrower hereby agrees to Implement the Project, subject to the terms and conditions of this Agreement. In order to effectuate the purposes of this Agreement, the Borrower shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all contracts, orders, receipts, writings and instructions, in the name of the Borrower or otherwise, with or to other persons, firms or corporations, and in general do or cause to be done all such other things as may be requisite or proper in order to Implement the Project and fulfill the obligations of the Borrower under this Agreement. The Borrower has complied, or will comply, with all applicable public bidding requirements with respect to the Project, if any.

Section 3.3 Payment of Project Costs. The Borrower shall pay all Project Costs. To the extent any proceeds of the Advance remain after application to Project Costs, the Borrower shall apply such amounts to the prepayment of the Advance in accordance with Section 4.4.

Section 3.4 Title. Title to the Project and any and all additions, repairs, replacements or modifications thereto shall be in the Borrower from and after the date of execution and delivery of this Agreement. Upon payment in full of all of the Borrower's obligations hereunder, including all other payments due hereunder, this Agreement will terminate.

Section 3.5 Construction of Project. The Borrower shall comply with and agree to the following:

(a) Changes to Project. The Borrower may make such changes in the Project as it deems necessary or appropriate; provided, however, that no change may be made in the Project which would result in its use for other than the intended purpose as described in Exhibit A. In the event of a change in the Project which would render materially inaccurate the description in Exhibit A hereto, the Borrower shall provide to the Lender a revised Exhibit A for attachment hereto which accurately reflects the Project, as so changed.

(b) Construction. The Borrower shall enter into one or more contracts with a contractor or contractors relating to the construction and renovation of the Project (whether one or more, the "Construction Contract"). The Borrower shall cause the construction to be carried on continuously in accordance with the plans and specifications and with all applicable ordinances and statutes, and in accordance with the requirements of all regularly constituted authorities having jurisdiction over same. The Borrower shall require that all work be done in a workman-like manner and that only new materials be utilized. The Borrower shall ensure (i) that the Project does not encroach upon or overhang any easement or right-of-way and (ii) that the Project will be wholly within any applicable building restriction lines, however established, and will not violate applicable zoning, land use or other restrictions or applicable protective covenants. The Borrower shall cause all utility lines, septic systems and streets serving the Project to be completed in accordance with health department standards and other applicable regulations of any governmental agency having jurisdiction.

(c) Right of Entry and Inspection. The Lender and its representatives and agents shall have the right to inspect the Project and the improvements thereto during normal business hours with reasonable notice, during and after construction, and the Borrower will cause any contractor or sub-contractor to cooperate with the Lender and its representatives and agents

during such inspections. The Lender shall have the right to review the plans and specifications and other construction documents relating to the Project.

No right of inspection or approval contained herein shall be deemed to impose upon the Lender any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection made or approval given by the Lender shall be deemed to impose upon the Lender any duty or obligation whatsoever to identify or correct any defects in the improvements or to notify any person with respect thereto, and no liability shall be imposed upon the Lender and no warranties (either express or implied) are made by the Lender as to the quality or fitness of any improvement, any such inspection and approval being made solely for the benefit of the Lender.

(d) [Reserved.]

(e) Compliance with Laws and Regulations and Securing of Regulatory Approvals. The Borrower will comply with all applicable laws, regulations and requirements of any governmental authority having jurisdiction over the Project and has secured, or caused to be secured, all regulatory approvals that are available at this time and necessary for the construction of the Project. The Borrower will secure, or cause to be secured, any additional regulatory approvals if required as construction of the Project progresses.

(f) [Reserved.]

(g) Contractor's General Public Liability and Property Damage Insurance. Each contractor shall be required by the Borrower to procure and maintain standard form comprehensive general public liability and property damage insurance, at its own cost and expense, during the duration of such contractor's contract, in the amount of at least \$1,000,000 bodily injury and property damage liability combined single limit each occurrence/annual aggregate. Such policies shall include the Borrower and the Lender as additional named insureds, and shall include a provision prohibiting cancellation or termination without 30 days' prior notice by certified mail to the Lender. A certificate evidencing such coverage shall be provided to the Borrower or, if such insurance is provided by a private carrier, a completed certificate of insurance, in form acceptable to the Borrower, shall be provided to the Borrower with respect to each contractor engaged. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability, products/completed operations, broad form property damage and XCU (explosion, collapse and underground property damage), where applicable.

(h) Contractor's Builder's Risk Completed Value Insurance. The Borrower will cause each contractor to purchase and maintain property insurance (builder's risk) on its portion of the Implementation of the Project (excluding contractor's tools and equipment) at the full and insurable value thereof. This insurance (i) shall insure against "all risk" subject to standard policy conditions and exclusions, (ii) shall include the Borrower and the Lender as additional insureds, and (iii) shall include a provision prohibiting cancellation or termination without 30 days' prior written notice by certified mail to the Lender. Each contractor shall purchase and maintain similar property insurance for portions of the work stored off the site or in transit when such portions of the work are to be included in an application for payment. Each contractor shall be responsible for the payment of any deductible amounts associated with this insurance.

(i) Contractor's Workers' Compensation Insurance. Each contractor shall be required to procure and maintain, at its own cost and expense, worker's compensation insurance during the term of its engagement, covering its employees working thereunder. Such insurance, if issued by a private carrier, shall contain a provision prohibiting cancellation or termination without 30 days' prior notice by certified mail to the Borrower and the Lender. A certificate evidencing such coverage shall be provided to the Borrower and the Lender or, if such insurance is provided by a private carrier, a completed certificate of insurance, in form acceptable to the Borrower and the Lender, shall be provided to the Borrower and the Lender with respect to each contractor engaged.

(j) Filing with the Lender. The Borrower shall cause copies of all insurance contracts or approved certificates thereof to be delivered to the Lender in a timely manner and in such form as to certify compliance with the provisions of the paragraphs referred to herein.

Section 3.6 Disclaimers of the Lender. The Borrower acknowledges and agrees that the designs for the Project, if any, have not been made by the Lender, and the Lender has not supplied any plans or specifications with respect thereto and that the Lender (a) is not a manufacturer of, nor a dealer in, any of the component parts of the Project or similar projects; (b) has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Project or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Project or any component part thereof or any property or rights relating thereto at any stage of the construction thereof; (c) has not at any time had physical possession of the Project or any component part thereof or made any inspection thereof or any property or rights relating thereto; and (d) has not made any warranty or other representation, express or implied, that the Project or any component part thereof or any property or rights relating thereto (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed, or will accomplish the result which the Borrower intends therefor, or (iii) is safe in any manner or respect.

THE LENDER MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO THE PROJECT OR ANY COMPONENT PART THEREOF TO THE BORROWER OR IN REGARD TO ANY OTHER CIRCUMSTANCE WHATSOEVER WITH RESPECT THERETO, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OR REPRESENTATION WITH RESPECT TO: THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE; THE DESIGN OR CONDITION THEREOF; THE SAFETY, WORKMANSHIP OR QUALITY THEREOF; COMPLIANCE THEREOF WITH THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; ANY LATENT DEFECT; THE TITLE TO OR INTEREST OF THE LENDER THEREIN; THE ABILITY THEREOF TO PERFORM ANY FUNCTION; THAT THE ADVANCE WILL BE SUFFICIENT (TOGETHER WITH ANY OTHER AVAILABLE FUNDS OF THE BORROWER) TO PAY THE COST OF IMPLEMENTING THE PROJECT; OR ANY OTHER CHARACTERISTICS OF THE PROJECT, IT BEING AGREED THAT ALL RISKS RELATING TO THE PROJECT, THE COMPLETION THEREOF OR THE TRANSACTIONS CONTEMPLATED HEREBY ARE TO BE BORNE BY THE BORROWER, AND THE

BENEFITS OF ANY AND ALL IMPLIED WARRANTIES AND REPRESENTATIONS OF THE LENDER ARE HEREBY WAIVED BY THE BORROWER.

Section 3.7 Installation of Borrower's Personal Property. The Borrower may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon any portion of the Project that does not materially impair the effective use, nor materially decrease the value of the Project. Such property may be modified or removed by the Borrower at any time.

ARTICLE IV PAYMENTS; REPAYMENTS; MAINTENANCE; INSURANCE; TAXES

Section 4.1 Issuance of Note; Financing of Project; Grant of Security Interest. The Borrower hereby agrees to issue and deliver the Note to the Lender in return for the obligation of the Lender to make the Advance. The Lender hereby agrees to purchase the Note, and the Borrower agrees to pay the Lender the principal thereof and interest thereon upon the terms and conditions of this Agreement and the Note. The Lender shall deliver the Advance to the Borrower on the date hereof to be held in an interest-bearing money-market account of the Borrower at Bank of America, N.A. To secure the payment of the Note and all other sums with interest due to the Lender by the Borrower, the Borrower hereby grants, transfers and assigns to the Lender all of the Borrower's right, title and interest in, and grants to the Lender a lien on, and security interest in, (a) the Revenues, (b) the Advance until expended for Project Costs and (c) the Borrower's interest in the Waste Disposal Service Agreements.

Section 4.2 Term. The Term shall commence on the date of delivery of this Agreement and the Note and shall terminate upon the earlier of the following:

- (a) such date as all Installment Payments and Additional Payments shall be paid; and
- (b) such date as all proceeds derived from the exercise of the Lender's rights as a secured party under the Maryland Uniform Commercial Code have been applied by the Lender to the payment, in whole or in part, of the Installment Payments and any Additional Payments.

Termination of this Agreement shall terminate all duties, obligations, liabilities and responsibilities of the Borrower under this Agreement (other than the obligation to indemnify the Lender pursuant to Section 8.5 hereof and the obligation to rebate money to the United States of America pursuant to Section 2.2 hereof).

Section 4.3 Payments. (a) The Borrower shall repay the Advance by paying to the Lender Installment Payments in accordance with this Agreement and the Note. Interest shall be calculated at the Note Rate on the basis of actual days elapsed over a 360-day year. Interest shall be payable on the Note on the 29th day of each month, beginning October 29, 2009, through and including September 29, 2010, on which date the principal amount thereof plus all accrued and unpaid interest due and owing on the Note shall be due and payable in full. Each such Installment Payment shall be paid in lawful money of the United States of America in accordance with the Note. In the event the Borrower fails to make any Installment Payment when due, interest shall continue to accrue until paid at the Note Rate.

(b) The obligation of the Borrower to make each Installment Payment as it becomes due is a current obligation of the Borrower and each Installment Payment is a current expense of the Borrower.

(c) Subject to Section 4.14 hereof, the obligation of the Borrower to make Installment Payments to the Lender and to perform and observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Lender. Subject to prepayment in full as provided herein and subject to Section 4.14 hereof, the Borrower shall not suspend or discontinue any such payment or fail to observe and perform any of its other covenants, conditions and agreements hereunder for any cause, including, without limitation, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, or failure of title to any part or all of the Project, or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Project, or any change in the tax or other laws of the United States of America, the State or any political subdivision of either, or any failure of a vendor to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement. The Borrower assumes and shall bear the entire risk of loss and damage to the Project from any cause whatsoever, it being the intention of the parties that the Installment Payments shall be made in all events unless the obligation to make such Installment Payments is terminated as otherwise expressly provided herein. The Borrower may, after giving to the Lender ten (10) days' notice of its intention to do so, at its own expense and in its own name or, with the consent of the Lender, which consent shall not be unreasonably withheld, in the name of the Lender, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect any of its rights hereunder or the rights of the Lender; and in such event the Lender shall cooperate fully with the Borrower and take all necessary action to effect the substitution of the Borrower for the Lender in any such action or proceeding if the Borrower shall so request; provided, however, if such consent is refused for any reason, the Lender shall assign, to the extent permitted by law, all of its rights, title and interest in such cause of action or defense to the Borrower and the Lender shall cooperate fully to effectuate such assignment and take all necessary action to effect the substitution of the Borrower for the Lender in any such action or proceeding.

(d) Any Installment Payment due on a day not a Business Day shall be made on the next Business Day with the same force and effect as if made on such day, and no interest will accrue on such payment in the intervening period.

Section 4.4 Prepayments. The Borrower may prepay all or any portion of the Advance in accordance with the Note. Any such prepayment shall be applied against scheduled Installment Payments.

Section 4.5 [Reserved.]

Section 4.6 Insurance. Subject to Section 4.14 hereof, the Borrower shall continuously maintain, or cause to be maintained, insurance of the types and in the amounts

ordinarily and customarily maintained by State agencies on facilities such as the Project. The Borrower may maintain a program of self-insurance through the Treasurer of the State.

The Lender shall not be responsible for the sufficiency or adequacy of any insurance herein required. The Lender shall cooperate fully with the Borrower at the Borrower's expense in filing any proof of loss with respect to any insurance policy maintained pursuant to this Section and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any portion thereof.

To the extent losses for any damage to the Project, however caused, are paid from the Net Proceeds of any insurance required by this Section, no claim shall be made and no suit shall be brought against the Borrower by the Lender or anyone else claiming by, through or under either of them for the recovery of such Net Proceeds.

Section 4.7 Expenses; Taxes. Subject to Section 4.14 hereof, the Borrower shall pay as Additional Payments directly to the party so owed:

(a) all of the expenses of maintenance of the Project, including, but not limited to, all charges for gas, water, steam, electricity, light, heat or power, telephone or other utility service furnished to or used on or in connection with the Project; and

(b) any and all taxes and assessments payable with respect to the Project, including, but not limited to, all license or registration fees, gross receipts tax, sales and use tax, if applicable, license fees, documentary stamp taxes, rental taxes, assessments, charges, ad valorem taxes, excise taxes, and all other taxes, licenses and charges imposed on the ownership, possession or use of the Project, together with any interest and penalties, other than taxes on or measured by the net income of the Lender. There will be no abatement of Installment Payments on account of interruption of any utility services.

Section 4.8 Proof of Payment of Taxes, Other Charges. The Borrower shall furnish the Lender, upon request of the Lender, proof of payment of any taxes, utility charges, insurance premiums, or other charges or payments required to be paid by the Borrower under this Agreement.

Section 4.9 No Encumbrances. Except for Permitted Encumbrances, the Borrower shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, or the rights of the Borrower and the Lender therein, except with the prior written consent of the Lender, such consent not to be unreasonably withheld. Subject to Section 4.14 hereof, the Borrower at its own expense shall promptly and duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above if the same shall arise at any time.

Section 4.10 Performance by the Lender of the Borrower's Responsibilities. Any performance required of the Borrower or any payments required to be made by the Borrower may, if not timely performed or paid, be performed or paid by the Lender, and, in that event, the Lender shall be immediately reimbursed by the Borrower for these payments or other performance by the Lender, with interest thereon at the Default Rate.

Section 4.11 Financial Statements. The Borrower shall furnish the Lender and its representatives and agents, (a) copies of the Borrower's annual audited financial statements, as soon as practicable after the Borrower's acceptance thereof, but in any event within 270 days of the end of its fiscal year, and (b) at such reasonable times as the Lender shall request, current financial statements (including, without limitation, the Borrower's annual budget as submitted), and shall permit the Lender to inspect the Borrower's books and records and make extracts therefrom at its own expense during regular business hours and in a manner which will not disrupt the Borrower's normal business routine. The Borrower shall furnish to the Lender a copy of each annual budget as approved within thirty (30) days following such approval.

Section 4.12 Maintenance, Care and Use. Subject to Section 5.1, Section 5.2 and Section 4.14 hereof, the Borrower shall not sell, transfer or abandon the Project during the Term. The Borrower shall use the Project in a careful and proper manner, in compliance with all applicable laws and regulations, and shall take no action to adversely affect the Project, and shall take all reasonable action to preserve the Project in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear expected, including, without limitation, at its sole cost and expense, to service, repair and maintain the Project, and to replace any part of the Project as may from time to time become worn out, lost, stolen, destroyed or damaged or unfit for use. Any and all additions to or replacements of the Project and all parts thereof shall constitute accessions to the Project and shall be subject to all the terms and conditions of this Agreement.

Section 4.13 Inspection. The Lender shall have the right, upon reasonable prior notice to the Borrower, to inspect the Project or any part thereof.

Section 4.14 Limited Obligation of the Borrower. The obligations of the Borrower under this Agreement and the Note, the interest on the Note and other costs incident to this Agreement and the Note, are limited obligations of the Borrower payable solely from the proceeds of the Bonds and otherwise from the Revenues. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Note. Neither the Borrower, the State nor any political subdivision thereof is obligated to make payments hereunder except from the proceeds of the Bonds and otherwise from the Revenues. The issuance of the Note does not directly or indirectly or contingently obligate, morally or otherwise, the State or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriation for its payment. The Borrower has no taxing power.

No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of the Borrower's moneys (except for the lien granted to the Lender pursuant to Section 4.1 of this Agreement), nor shall any provision of this Agreement restrict the future issuance of any of the Borrower's bonds or obligations payable from any class or source of the Borrower's moneys. To the extent of any conflict between this Section and any other provision of this Agreement, this Section shall take priority.

The execution and delivery of this Agreement by the Borrower shall not impose any personal liability on the members, officers, officials, employees or agents of the Borrower. No recourse shall be had for any claims based on this Agreement against any member, officer,

official, employee or other agent of the Borrower in his individual capacity, all such liability, if any, being expressly waived by the Lender by the execution of this Agreement.

ARTICLE V
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 5.1 Damage or Destruction. (a) The Borrower shall notify the Lender, the Borrower's insurer and the Treasurer of the State, immediately in the event (i) of any significant damage to or destruction from fire or other casualty of any portion of the Project or (ii) that title to or use of all or any portion of the Project shall be lost by reason of a defect in title thereto or (iii) that a material defect in the construction of the Project becomes apparent, if the Borrower determines in good faith that such damage, destruction or loss will cost more than \$50,000 to repair, replace and restore.

(b) If any portion of the Project is damaged or destroyed or title is defective as provided herein, the Borrower shall repair, reconstruct and restore that portion of the Project so lost, damaged or destroyed. The Borrower shall cooperate fully with the Treasurer of the State to obtain sufficient funds to proceed forthwith to repair, reconstruct and restore the applicable portion of the Project to substantially the same condition as had existed prior to the event causing such damage or destruction, with such alterations and additions as the Borrower may determine to be necessary or desirable and as will not impair the capacity or character of the applicable portion of the Project for the purposes for which it had been used prior to such damage or destruction or is intended to be used.

Section 5.2 Condemnation; Loss of Title. (a) In the case of a taking of all or any part of the Project or any right therein under the exercise of the power of eminent domain or any loss of all or any part of the Project because of loss of title thereto, or the commencement of any proceedings or negotiations which might result in such a taking or loss, the party upon whom notice of such taking is served or with whom such proceedings or negotiations are commenced or who learns of a loss of title shall give prompt notice to the other. Each such notice shall describe generally the nature and extent of such condemnation, taking, loss, proceedings or negotiations. All obligations of the Borrower under this Agreement (except obligations to make Installment Payments when due) shall terminate as to the portion of the Project as to which there is a loss of title or which is condemned or taken when such loss of title is finally adjudicated or when title thereto vests in the party condemning or taking the same, as the case may be (hereinafter referred to as the "Takings Date"). The Borrower shall pay over to the Lender (and hereby irrevocably assigns, transfers and sets over to the Lender) all right, title and interest of the Borrower in and to any Net Proceeds payable as to any such loss of title, condemnation or taking during the Term, subject to the terms of Section 5.2(b).

(b) In the event of any such loss of title, condemnation or taking, the Borrower shall deliver the Net Proceeds from the condemnation proceeding to the Lender and, within 90 days after the Takings Date for such proceeding, elect either or both of the following two options by giving notice of such election to the Lender, and the Lender shall disburse the Net Proceeds in accordance with the option so elected:

(i) Option A – Restoration. The Borrower may elect to have the Net Proceeds received as a result of such loss of title, condemnation or taking used to restore the applicable portion of the Project as to which there has been a loss of title, condemnation or taking to substantially its condition prior to such loss of title, condemnation or taking. So long as no Event of Default has occurred and is continuing under this Agreement, the Lender, upon receipt of a request made by the Borrower, shall apply so much as may be necessary of such Net Proceeds to payment of the cost of such restoration, either on completion thereof or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost thereof as may be in excess of such Net Proceeds. The Borrower shall not, by reason of the payment of such excess cost, be entitled to any (A) reimbursement from the Lender, or (B) abatement or diminution of the Installment Payments.

(ii) Option B – Prepayment of Installment Payments. The Borrower may elect to have the Net Proceeds received as a result of such loss of title, condemnation or taking, together with other monies provided by the Borrower, applied to the prepayment of Installment Payments in accordance with Section 4.4. Notwithstanding anything to the contrary, in the event that the Borrower elects to make partial prepayment under this Option B, the Borrower shall first provide to the Lender a certificate signed by the Borrower to the effect that such loss of title, condemnation or taking of a portion of the Project will not impair the Borrower's use of the remainder of the Project for its intended purposes.

(c) The Lender shall, at the request and expense of the Borrower, cooperate fully with the Borrower in the contest of any prospective or pending condemnation proceedings or in any contest over title with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Borrower to litigate, at the expense of the Borrower, in any such proceeding in the name and on behalf of the Lender. In no event shall the Lender voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings, or proceedings as to title, with respect to the Project or any part thereof without the consent of the Borrower.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. (a) Subject to the provisions of subsection (b), the following shall be "Events of Default" under this Agreement, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(i) failure of the Borrower to pay when due any Installment Payment required to be paid under Section 4.3, which failure shall continue for a period of 5 Business Days after notice is given; or

(ii) failure of the Borrower to pay when due any payment due under this Agreement, other than payments required under Section 4.3, or to observe

and perform any material covenant, condition or agreement on its part to be observed or performed hereunder, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30-day period, failure of the Borrower to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(iii) the Borrower becomes insolvent or the subject of insolvency proceedings; or is unable, or admits in writing its inability, to pay its debts as they mature; or makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or files a petition or other pleading seeking reorganization, composition, readjustment or liquidation of assets, or requesting similar relief; or applies to a court for the appointment of a receiver for it or for the whole or any part of its property; or has a receiver or liquidator appointed for it or for the whole or any part of its property (with or without the consent of the Borrower) and such receiver is not discharged within ninety (90) consecutive days after his appointment; or becomes the subject of an "order for relief" within the meaning of the United States Bankruptcy Code; or files an answer to a creditor's petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within sixty (60) consecutive days after the same is filed against the Borrower; or

(iv) if any material warranty, representation or other statement made by or on behalf of the Borrower in this Agreement shall prove to have been false or misleading in any material respect when made; or

(v) any material provision of this Agreement or the Note at any time for any reason ceases to be valid and binding on the Borrower, or is declared to be null and void, or the validity or enforceability thereof is contested by the Borrower or the Borrower denies that it has any or further liability or obligation under this Agreement or the Note.

(b) The provisions of the foregoing subparagraph (a)(ii) are subject to the limitation that if by reason of force majeure the Borrower is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder other than in Section 2.2, Section 4.3, Section 4.6, Section 4.7, Section 4.9 and Section 4.11 hereof, the Borrower shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower. The Borrower shall remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its covenants, conditions and agreements,

provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Borrower, and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the Borrower not in its best interests.

(c) Upon the occurrence and during the continuance of an Event of Default, the Note shall bear interest at the Default Rate, with such Default Rate to be effective on the first date as of which the applicable Event of Default occurs notwithstanding the fact that such Event of Default may not be reported or otherwise discovered until a subsequent date.

Section 6.2 Remedies. To the extent permitted by law, whenever any Event of Default shall have happened and is continuing, the Lender may take any one or more of the following remedial steps, without further demand or notice: (a) declare the whole unpaid principal balance of Installment Payments due and thereafter to become at once due and payable; (b) proceed either at law or in equity, by suit, action, mandamus or other proceedings, to protect and enforce its rights in the Revenues and under this Agreement (as permitted by the Act); (c) exercise its rights as a secured party under the Uniform Commercial Code of the State, or (d) proceed by appropriate court action to enforce performance by the Borrower of the applicable covenants of this Agreement or to recover for the breach thereof; provided, however, that nothing herein shall be deemed to waive any defense the Borrower may otherwise have. In any of such cases, all rights acquired by the Borrower in the Advance hereunder shall revert to and revest in the Lender without any act of re-entry, or any other act of the Lender having to be performed and without the Borrower having any right of return, reclamation or compensation for moneys paid under this Agreement as absolutely, fully and perfectly as if this Agreement and such payments had never been made; and in case of such default all payments theretofore made on this Agreement are to be retained by and belong to the Lender as the agreed and reasonable repayment of the financing for the Project up to the time of such default. Any amounts received by the Lender pursuant to the foregoing provisions shall be applied first to the payment of costs incurred by the Lender in taking any remedial steps pursuant to this Section, then to any unpaid interest and then to repayment of principal, and upon payment in full of all amounts due, any excess shall be paid to the Borrower.

Section 6.3 [Reserved.]

Section 6.4 Reinstatement after Event of Default. Notwithstanding the exercise by the Lender of any remedy granted by Section 6.2, if any remedies shall have been taken pursuant to Section 6.2 and all overdue Installment Payments, together with any interest accruing thereon, and all other sums then due and payable under this Agreement shall have been paid, then the Borrower's default under this Agreement shall be waived without further action by the Lender. Upon such payment and waiver, this Agreement shall be fully reinstated.

Section 6.5 No Remedy Exclusive. No remedy conferred by this Agreement upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or

shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.6 No Additional Waiver Implied by One Waiver. Failure by the Lender at any time to require performance by the Borrower of any provision hereof shall in no way affect the Lender's right hereunder to enforce the same, nor shall any waiver by the Lender of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or a waiver of the provision itself.

Section 6.7 Attorneys' Fees and Other Expenses. To the extent permitted by law, the Borrower shall on demand pay to the Lender the reasonable fees of attorneys and other reasonable expenses incurred by the Lender in the collection of appropriated, but unpaid, Installment Payments, or the enforcement of any other obligation of the Borrower, or its agents, upon an Event of Default, including any Additional Payments made by the Lender.

ARTICLE VII ASSIGNMENT

Section 7.1 Assignment by the Lender. (a) The Lender may, at any time and from time to time, assign all or any part of its interest in this Agreement and the Note, including, without limitation, the Lender's rights to receive Installment Payments payable to Lender hereunder or thereunder, in accordance with this Section 7.1. Any assignment made by the Lender or any subsequent assignee shall not purport to convey any greater interest or rights than those held by the Lender pursuant to this Agreement and the Note. The Lender or its assignees may assign or reassign all or any part of this Agreement and the Note. Notwithstanding the foregoing, unless to an affiliate controlling, controlled by or under common control with the Lender, no assignment or reassignment of the Lender's interest in this Agreement and the Note shall be effective unless and until the Borrower shall receive written notice of such assignment or reassignment disclosing the name and address of each such assignee.

(b) The Borrower agrees to execute any document reasonably required in connection with any assignment. Any assignor must provide notice of any assignment to the Borrower, and the Borrower shall keep a complete and accurate record of all assignments as required by the Code. After receiving any such notice, the Borrower shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective.

(c) The Lender represents and warrants that it is familiar with federal and State legislation, rules and regulations as to limitations upon the public distribution of securities that have not been registered under the Securities Act of 1933, as amended, and that it is making the Advance for its own account and has no present intention of making any sale or other distribution of this Agreement and the Note in violation of such legislation, rules or regulations. The Lender represents that it is familiar with the operations and financial condition of the Borrower, based upon information furnished to the Lender by the Borrower, and has made such inquiries as it deems appropriate in connection with the Advance.

Section 7.2 Assignment by the Borrower. The Borrower shall not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance (except for Permitted Encumbrances) upon or against its interests in the Project or in this Agreement, without securing the prior written consent of the Lender. Except for normal repairs, maintenance, and replacements, the Borrower shall not remove any portion of the Project from its place of installation without securing the Lender's prior written permission. The Lender shall not unreasonably withhold such permission in either case.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Notices. Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

- | | | |
|-----|---------------------|---|
| (a) | if to the Borrower: | Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108-2515
Attention: Director |
| (b) | if to the Lender: | Bank of America, N.A.
101 S. Tryon Street
Charlotte, North Carolina 28255
Attention: Credit Products Officer |

The Lender and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 8.2 Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 8.3 Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.4 Applicable Law. This Agreement shall be governed by the laws of the State.

Section 8.5 Indemnification. Without waiving any defense available to it and only to the extent permitted by State law, the Borrower shall hold the Lender, and its officers, employees, directors, members and agents, harmless from all liabilities, obligations, losses, claims, damages, actions, suits, proceedings, costs, and expenses, including attorneys' fees, that (a) arise out of, are connected with, or result directly or indirectly from this Agreement and the

Note or (b) arise out of, are connected with, or result directly or indirectly from the Project or any portion thereof, including, without limitation, the manufacture, selection, acquisition, delivery, possession, construction, improvement, environmental or other condition, lease, use or operation of the Project or any portion thereof. Notwithstanding anything to the contrary herein contained, the Borrower shall have no indemnification responsibilities with respect to the Lender's income tax obligations, if any, or with respect to any intentional acts or gross negligence of Lender. The indemnification responsibilities created by this Section shall continue in effect notwithstanding the termination of other portions of this Agreement, shall survive and be enforceable after the termination of this Agreement, and shall be terminated only by written agreement of the Lender and the Borrower; provided, however, that nothing contained herein shall be deemed a waiver of the provisions of Section 6.3 hereof.

Section 8.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, together shall constitute but one and the same Agreement.

Section 8.7 Entire Agreement. The Basic Agreements express the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties.

Section 8.8 Consent. Whenever the Lender's consent is required under this Agreement, it shall not be unreasonably withheld or delayed.

Section 8.9 Waiver of Sovereign Immunity. The Borrower, to the maximum extent permitted by applicable law, hereby irrevocably waives and renounces any and all rights to sovereign immunity (or similar rights and defenses) the Borrower may have under applicable law with respect to, and agrees not to raise sovereign immunity (or any similar defense) as a defense to, any claim, suit or proceeding (of whatever nature), based on or arising out of this Agreement, or any breach hereof, against the Borrower, asserted or brought by or on behalf of the Lender, or any member, officer, director, employee or agent of any thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as a document as of the date first above written.

LENDER:

BANK OF AMERICA, N.A.

[SEAL]

By: _____

Name: _____

Title: _____

BORROWER:

MARYLAND ENVIRONMENTAL SERVICE

By: _____

Name: _____

Title: _____

Attest:

By: _____

Name: _____

Title: _____

Description of Project

The Project to be financed with the proceeds of the Note consists of the acquisition, construction, installation and equipping of the Mid-Shore II Landfill and all other costs related to such Project, including, without limitation, costs in connection with the closure of the Hobbs Road Landfill (as defined in the Waste Disposal Service Agreements) and the acquisition of real property for permit compliance and soil excavation.

19858058.4

**MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS
RESOLUTION NO. 09-09-2R**

A RESOLUTION REVISING

The Environmental Management System for the Maryland Environmental Service (Service) adopted by MES Resolution No. 07-05-1R, and providing generally for other matters in connection therewith.

RECITALS

Pursuant to MES Resolution No. 05-02-1R the Service adopted a policy statement concerning its commitment to the environment and an Environmental Compliance Program Guidance Document.

Pursuant to MES Resolution No. 07-05-1R the Service reconfirmed its commitment to the environment and adopted an Environmental Management System that was detailed in an exhibit thereto and entitled "Maryland Environmental Service Environmental Management System."

Whereas the Environmental Management System adopted in 2007 has been in effect for over two years; and

Whereas, following the Environmental Management System's commitment to continuous process improvement, the Service has become aware of improvements that can be made to the Environmental Management System document to clarify ambiguities and increase the overall efficiency of the Compliance Focus of the Environmental Management System.

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

The revised "Maryland Environmental Service Compliance Focused Environmental Management System" attached hereto as EXHIBIT "A" is hereby adopted by the Service. The Director of the Service is hereby authorized to implement the System as amended. The

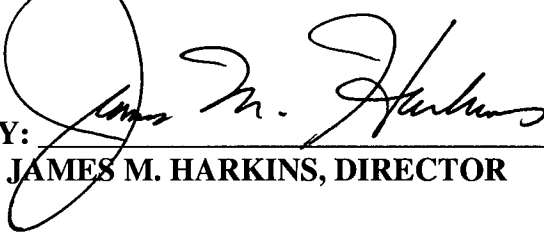
Compliance Focused Environmental Management System shall supplement and amend any Environmental Compliance Program previously adopted by the Board.


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

ADOPTED, this 28th day of September, 2009.

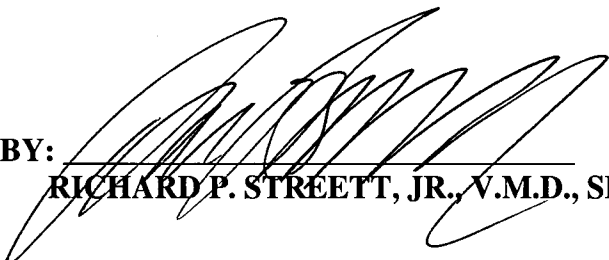
SEAL

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

Preface to Third Edition of MES'
Compliance Focused Environmental Management System

This is the third iteration of MES' Compliance Focused Environmental Management System (CFEMS).

In 2005 MES' Board of Directors passed resolution (05-02-1R) which formally stated the Agency's commitment to manage its facilities and operations in a manner conforming to the highest standards of environmental stewardship as required by the United States Environmental Protection Agency (USEPA) and developed by international standards organizations. Attached to the 2005 Resolution was a guidance document that established an MES Compliance Policy and mandated the creation of a Compliance Program. The Policy pledged that MES would "encourage and promote environmental awareness and responsibility," "meet or exceed the minimum legal environmental requirements" and "work continuously to improve our Environmental Compliance Program to measure, audit, and take corrective action to sustain or improve our environmental compliance."

During the next two years a Chief of Environmental Compliance was hired and an Environmental Management System was designed. In 2007, the MES Board of Directors passed Resolution 07-05-1R. Attached to that resolution was the first full, 12 element, 29 page, Environmental Management System. The system specifically followed the USEPA 12 element outline and created an Environmental Compliance Team. The document also mandated a facility by facility Environmental Compliance Review Program. For the next two years the Chief of Compliance and his one assistant set out to complete the 174 individual facility compliance reviews. The completed reviews, including the corrective actions that were required and completed, are on file.

This 2009 document reflects the lessons learned over the past two years and amends the 2007 Environmental Management System to continue to improve MES' environmental compliance. The primary lesson learned is that the number of MES facilities is ever growing and that two individuals cannot provide adequate coverage to all of MES' over 300 facilities, especially considering the many different legal requirements associated with each facility. Therefore, the 2009 CFEMS requires each facility to have its own environmental compliance officer, whose duty it is to maintain the regular environmental compliance review process for that facility. The Compliance team tracks the facilities "self-audits" and monitors the corrective actions taken. If a facility does not submit its annual self-audit, that facility will be subjected to a targeted inspection by the compliance team. From all of the self-reporting facilities, the compliance team will inspect a statistically significant number of randomly selected facilities to assure the quality and integrity of the information disclosed by the facilities.

As a result of the "self-audit" feature of the CFEMS, all MES employees will be directly exposed to the agency's commitment to a policy of continuous improvement. Feedback and comments to the circulated draft of this CFEMS suggest that it is important to reiterate that the CFEMS does not change or supersede any legal requirement with which MES is currently obliged to comply. It does not change any personnel classifications or human resources rules.

The CFEMS sets out in writing the process by which all MES employees, managers, officers and directors improve the entire agency's environmental performance. The CFEMS reiterates the importance of being aware of, and promptly reporting any and all environmental compliance problems. It describes the level of compliance supervision and details the delivery of the ongoing training that is necessary due to constantly changing regulations and requirements. The CFEMS establishes benchmarks for continuous tracking of facilities' compliance performance and sets milestones for assuring that the ongoing process of correcting potential and actual violations is held to a series of clearly identified deadlines. In short, this document describes how the process of continuous improvement is implemented.

Like its predecessors, the basic organizational structure and text of this CFEMS, is mandated by the USEPA Office of Enforcement and Compliance Assistance (OECA). The actual implementation of the 12 required elements however is left, to the extent possible, in the hands of the individuals at the facilities who are responsible for maintaining and reporting their individual compliance performance data. Based on the compliance data that will be collected and analyzed during the next two-year cycle it is hoped that that even more compliance efficiencies and risk reductions can be achieved.

Authors: John Kane
 Sheila Chambers
 Bernard Penner, Esq.
 Pamela Fuller

COMPLIANCE FOCUSED ENVIRONMENTAL MANAGEMENT SYSTEM

TABLE OF CONTENTS

Introduction..... 1

1. Environmental Policy 2

2. Organization, Personnel, and Oversight of CFEMS 4

 A) Board of Directors..... 4

 B) Director 4

 C) Deputy Director 4

 D) Group Executive Directors 4

 E) Chief of Environmental Compliance 4

 F) Chief of Safety 5

 G) Facilities..... 5

 H) Environmental Compliance Officer 5

3. Accountability and Responsibility..... 6

 A) Environmental Ethics Form 6

 B) Incentive Programs 6

 C) Potential Consequences 6

4. Environmental Requirements..... 7

 A) Primary Statutory and Regulatory Schemes 7

 B) Managing Regulatory Change 7

 C) Coordination with Other State Agencies 8

 D) General Permits and Workplace Standards..... 8

 E) Procedures for Permits and Approvals 8

 i) Determination of Necessity of Permits or Approvals 8

 ii) Permit Application..... 9

 iii) Permit Policy..... 9

 iv) Permit Compliance..... 9

 v) Permit Monitoring..... 10

 vi) Permit Modifications 10

5. Assessment, Prevention, and Control..... 11

A) Compliance Hotline	11
B) Standard Operating Procedures (SOPs).....	11
C) Environmental Compliance Reviews (ECRs).....	12
i) Facility Self-Audits.....	12
ii) Findings and Corrective Actions	13
D) Procedures for Hazardous or Regulated Material Spills.....	13
i) Reporting and Notification Procedure	13
ii) Spill Prevention Control and Countermeasures (SPCC)	14
E) Research and Development Assessments	14
F) Procedures for Safety/Emergency Response	14
6. Environmental Incident and Noncompliance Investigations.....	15
A) Environmental Compliance Reviews (ECRs).....	15
i) Chief of Compliance ECRs.....	15
ii) Findings and Corrective Actions	15
B) Audits.....	16
C) Targeted Facility Inspections.....	16
D) Noncompliance Investigations.....	16
i) Obligation to Report Noncompliance	16
ii) Potential Criminal Activity	17
iii) Investigation Procedure	17
a) Investigation Team and Preliminary Questions.....	17
b) Securing Evidence	18
c) Interviews.....	18
d) Results and Conclusions	18
E) Reporting: Allegations and Results of Investigations.....	19
F) Procedures for Inspections/Inquiries by Governmental Authorities.....	19
7. Environmental Training and Awareness.....	21
A) Training Subject Matters.....	21
i) Hazardous Materials	21
ii) Environmental Regulation	21
iii) Equipment and Vehicle Maintenance	21
iv) Facility Maintenance/Good Housekeeping.....	22
B) Regulatory Awareness	22
C) Documentation and Communication	22
8. Environmental Planning and Organizational Decision-Making	23
A) Operational “Change Management”/New Project Review.....	23
B) Risk Assessment	23

9. Maintenance of Records and Documentation 25

10. Pollution Prevention Program - Acquisition, Handling and Disposition of Materials... 26

 A) Acquisition of Materials 26

 B) Receiving, Handling and Disbursement of Materials 26

 C) Disposal of Materials 26

11. Continuing Program Evaluation and Improvement 28

 A) Evaluation of Environmental Compliance Program 28

 B) Environmental Compliance Reviews..... 28

 C) Annual Report on Environmental Compliance..... 28

12. Public Involvement/Community Outreach..... 29

Glossary 30

Introduction

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

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

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

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

1. Environmental Policy

The MES Environmental Policy Resolution states, it shall be the Policy of MES to:

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

This Environmental Policy adopts the Environmental Compliance Program. The Policy describes program development and implementation, including staffing, outlining the job functions of the Environmental Compliance staff, and detailing targeted employee training programs, and self-auditing program procedures.

This Policy Resolution, posted on the MES website, clearly communicates MES management's commitment to achieving compliance with applicable federal, state, and local environmental statutes, regulations, enforceable agreements, permits and to continual improvement in environmental performance.

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

2. Organization, Personnel, and Oversight of CFEMS

All Directors, officers and employees of MES are individually and collectively responsible for compliance with applicable laws, understanding and performing their duties in accordance with the CFEMS and the Ethical Standards adopted by the MES Board of Directors. (See MES Internet site for Organization Chart at www.menv.com)

A) Board of Directors

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

B) Director

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

C) Deputy Director

The Deputy Director will support the Chief of Environmental Compliance in implementing the CFEMS and will oversee the Executive Directors of the three MES Groups in the performance of their duties specifically described in this CFEMS.

D) Group Executive Directors

The Executive Director of the Water/Wastewater Group, the Executive Director of the Environmental Operations Group, and the Executive Director of the Technical and Environmental Services Group shall be collectively identified in this CFEMS as the Executive Directors. Each Executive Director will support the Chief of Compliance in implementing the CFEMS. The Executive Directors will also ensure that the duties specifically described in this CFEMS shall be performed by their respective Groups.

E) Chief of Environmental Compliance

The Chief of Environmental Compliance (“Chief of Compliance”) will be primarily responsible for developing, implementing and managing the CFEMS. The Chief of Compliance will report directly to the Deputy Director of MES. The Chief of Compliance will, at least annually, submit a report to the Board of Directors describing the functioning of the CFEMS. The Chief of Compliance may delegate, subject to the Deputy Director’s approval, any Compliance designated responsibilities indicated in this document, to other employees of the

Agency. Any such delegation shall be in writing, forwarded to the appropriate Executive Director, and signed by the Deputy Director.

The Chief of Compliance will use facility and operation specific Standard Operating Procedures (SOPs), e-mail and Intranet and Internet as a real time means:

- of communicating environmental issues, information and training to all personnel, on-site service providers, and/or contractors, and
- for receiving and addressing compliance concerns.

F) Chief of Safety

The Chief of Safety will be primarily responsible for developing, implementing and managing the Safety Department. The Chief of Safety will report directly to the Deputy Director of MES.

G) Facilities

Any permanent installation, building, or physical operational structure that is either owned by MES, operated by MES, or which MES is responsible for regulatory compliance AND which is subject to environmental regulations imposed by an agency other than MES is deemed an MES facility. The list of MES facilities shall be maintained by the Chief of Compliance with ongoing input and amendments provided by the Executive Directors.

H) Environmental Compliance Officer

Each facility will have a designated responsible manager who will act as an Environmental Compliance Officer ("ECO") for that facility. The ECO for each facility shall be designated by the respective Executive Director of the MES Group having responsibility for that facility. Depending on the size, complexity, location and needs of the operation, the ECO may be a Facility manager. The ECO, through the appropriate Executive Director, will submit the self-audit report at least annually to the Chief of Compliance describing the effectiveness and deficiencies of the environmental compliance program at their facility and make recommendations to improve compliance.

3. Accountability and Responsibility

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

A) Environmental Ethics Form

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

B) Incentive Programs

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

C) Potential Consequences

The potential consequences for departure from specified operating procedures, or noncompliance with laws and regulations are significant. Individuals found to have engaged in conduct inconsistent with this program are subject to termination, suspension, transfer, required attendance at remedial training, and/or other sanctions as determined by MES policy. MES maintains its policy that employees found to have knowingly falsified records will be terminated.

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

4. Environmental Requirements

The Office of the Attorney General (OAG), in coordination with the Chief of Compliance, and the Facility Managers, is responsible for identifying, interpreting, and effectively communicating environmental requirements to organization personnel, who shall communicate with on-site service providers, and contractors.

A) Primary Statutory and Regulatory Schemes

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

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

B) Managing Regulatory Change

The OAG, in coordination with the Chief of Compliance shall monitor changes and trends in federal, state and local environmental regulations, as well as industry standards, and advise affected MES facilities or operations of significant regulatory developments (i.e.,

regulatory “change management”). Changes will be incorporated into the SOPs and into training for each facility or operation affected. In addition, regulatory changes will be communicated by the Chief of Compliance to facilities by means of memorandum, e-mail and/or Intranet posting as necessary.

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

C) Coordination with Other State Agencies

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

D) General Permits and Workplace Standards

Several environmental requirements arise in the context of work practice standards (i.e. asbestos), general permits (for some work in water courses and wetlands), management practices (Stormwater) or notification only (i.e. CERCLA Reportable Quantity Release Reporting and Community Right-to-Know). The Chief of Compliance, and/or the Chief of Safety, with the assistance of the OAG will identify those requirements and communicate them to the ECO, who will immediately incorporate those requirements into the SOPs for each affected facility.

E) Procedures for Permits and Approvals

All permits or approvals issued by regulatory agencies to MES or its clients are the core drivers of MES' Compliance Program. They are general or individual. They can apply to ongoing operations or one time construction activities. They impose legally binding requirements and expose the Agency and its employees to potential penalties and criminal sanctions. This sub-section is more specific and detailed regarding "permits and authorizations" in order to assist all employees to follow the established Agency wide protocol for assuring compliance.

i) Determination of Necessity of Permits or Approvals

Executive Directors in consultation with MES clients and regulatory agencies, will determine whether a federal, state and /or local environmental permit is required for any existing or planned facility or operation. The Executive Directors shall advise the

Chief of Compliance and the OAG of each such determination including, when applicable, the identification of each required permit.

ii) Permit Application

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

iii) Permit Policy

Each MES Group shall maintain at all times a current inventory of all existing permits under its responsibility, including those held by clients. Each Group, in coordination with their clients, the Chief of Compliance and the OAG, shall monitor the need for renewal of all permits and shall initiate the renewal process in a timely manner. Each Group shall prepare all required permit renewal forms and furnish them to their clients, the Chief of Compliance, and OAG for review and approval prior to their timely submission to the appropriate governmental permitting authority.

iv) Permit Compliance

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

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

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

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

All persons involved in the compilation or analysis of data utilized in the preparation of a permit application, renewal or modification shall certify in writing that,

to the best of their knowledge, information and belief, the data is accurate and complete. There is a continuing duty on the part of all employees to correct or modify submitted data if there develops reasonable grounds to believe that any submitted data is inaccurate or unreliable. Any corrections or modification of submitted data shall be reported immediately to the Chief of Compliance.

v) Permit Monitoring

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

vi) Permit Modifications

Each facility supervisor, manager, or ECO shall notify the appropriate Executive Director of any significant changes or modifications in facility operations which affect or may affect compliance with a permit, or normal operation of the facility. The Executive Director, in cooperation with the Chief of Compliance, shall determine whether the change or modification in facility operations affects the facility's continuing compliance with existing permits, and shall be responsible for initiating any appropriate action necessary to ensure continuing compliance with existing permits.

5. Assessment, Prevention, and Control

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

A) Compliance Hotline

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

The Hotline can be reached through a number of ways:

- the hotline phone number: 1-866-637-1657
- e-mail: jkane@menv.com
- written notice to fax: 410-987-2687, or
- written letter to:

Attn: Chief of Compliance
Maryland Environmental Service
259 Najoles Road
Millersville, MD 21108

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

B) Standard Operating Procedures (SOPs)

The generic term "standard operating procedure" (SOP) is used frequently throughout this document. Historically, the different forms and sundry uses of SOPs varies widely. In actual practice therefore, using the term SOP prescriptively in this CFEMS could lead to ambiguous interpretations. The Chief of Compliance will develop the SOP Guidance Form, which will detail a standard procedure or template for adopting SOPs at the Agency, Group, Division, Section, or Facility levels.

When the phrase "Facility SOP" is used in this CFEMS it means the complete set of all the different SOPs that are in effect at the facility and are filed together at a single location known to all employees of the facility.

For each facility the Executive Directors and ECO shall create a set of documented standard operating procedures (SOPs) sufficient to guide operations and decision-making, to prevent potential violations or pollutant releases.

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

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

The Facility SOPs will be readily accessible to all employees at a facility. The SOP Guidance Form will define a uniform process for developing, approving, amending and implementing the SOPs.

C) Environmental Compliance Reviews (ECRs)

The Chief of Compliance will supervise and conduct routine scheduled ECRs in order to determine both environmental compliance status and identify compliance deficiencies at MES facilities.

i) Facility Self-Audits

An essential component of the ECR is the facility self-audit. Each facility shall conduct annual self-audits using the appropriate ECR for their facility. The ECO and/or Facility Manager/Regional Manager shall complete the ECR, and provide proposed corrective actions for any deficiencies identified, sign the ECR, and submit it electronically to the Chief of Compliance.

The Chief of Compliance shall provide ECR training, as needed, to the ECO/Facility Managers/Regional Managers prior to conducting the facility self-audits, shall review the ECRs submitted by the facilities to identify trends and improvement opportunities, and shall approve proposed corrective actions.

The Chief of Compliance shall conduct periodic spot-check facility inspections to verify accuracy of the facility self-audits and to ensure that the facility has followed up on corrective actions previously identified in the facility self-audit.

ii) Findings and Corrective Actions

Following an ECR of a facility, the Chief of Compliance will prepare an interoffice memorandum describing the positive aspects of compliance and any deficiencies identified. This memorandum will be distributed to the ECO/Facility Manager/Regional Manager, Executive Director and the Deputy Director. This memorandum will highlight the facility findings, rank the seriousness of any deficiencies noted (using the Risk Assessment criteria identified in Section 8) and provide recommendations to correct any deficiencies.

The Facility Manager, in consultation with the ECO, the appropriate Executive Director, the Deputy Director, the Chief of Compliance and the OAG, will respond by presenting a plan of action to remedy any deficiencies, identify the resources and steps required to prevent deficiencies from recurring, and to propose a timetable for implementing the corrective actions. Facilities will be responsible for meeting specified corrective action timeframes. The Chief of Compliance will conduct follow-up reviews as appropriate.

D) Procedures for Hazardous or Regulated Material Spills

i) Reporting and Notification Procedure

The ECO shall maintain at all times current telephone numbers of each governmental authority to whom notice of a hazardous or regulated material spill is required to be given.

MES personnel at the project or facility shall report any hazardous or regulated material spill immediately to the appropriate Executive Director, the client, MDE, and the Chief of Safety. The responsible Executive Director shall also immediately notify the Director, the Chief of Compliance and the OAG.

The responsible Executive Director shall ensure that any applicable notifications required by law are made.

The appropriate Executive Director (or, in his/her absence, the ECO) shall prepare, as soon as possible, a written report on each spill and furnish a copy of the report to the Director, the Chief of Compliance and the OAG. The ECO shall prepare status reports of the response and forward a copy to the Chief of Compliance and the Chief of Safety.

ii) Spill Prevention Control and Countermeasures (SPCC)

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

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

E) Research and Development Assessments

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

F) Procedures for Safety/Emergency Response

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

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

6. Environmental Incident and Noncompliance Investigations

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

A) Environmental Compliance Reviews (ECRs): Annual comprehensive reviews of all aspects of the facility or operations. ECRs are more fully discussed in Section 5 and 11.

B) Audits: Periodic scheduled and unscheduled financial surveys of MES programs and procedures.

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

D) Noncompliance Investigations: Investigations into an allegation of fraud, or noncompliance from the Hotline, or other source. A noncompliance investigation can be initiated based on findings in an Environmental Compliance Review, Audit, Targeted Facility Inspection, or allegations of noncompliance from an external source.

Internal and external reports of violations and results of investigations are described in Section 6(E) and procedures for responding to external inspections and inquiries by governmental and regulatory authorities are described in Section 6(F).

A) Environmental Compliance Reviews (ECRs)

i) Chief of Compliance ECRs

The Chief of Compliance will supervise and conduct routine scheduled and unscheduled ECRs in order to determine both environmental compliance status and identify compliance deficiencies at MES facilities. ECRs conducted by the Chief of Compliance supplement the self-audit ECRs described in Section 5C(i).

ii) Findings and Corrective Actions

Following an ECR of a facility, the Chief of Compliance will prepare an interoffice memorandum describing the positive aspects of compliance and any deficiencies identified. This memorandum will be distributed to the ECO/Facility Manager/Regional Manager, Executive Director and the Deputy Director. This memorandum will highlight the facility findings, rank the seriousness of any deficiencies noted (using the Risk Assessment criteria identified in Section 8) and provide recommendations to correct any deficiencies.

The Facility Manager, in consultation with the ECO, the appropriate Executive Director, the Deputy Director, the Chief of Compliance and the OAG, will respond by presenting a plan of action to remedy any deficiencies, identify the resources and steps required to prevent deficiencies from recurring, and to propose a timetable for implementing the corrective actions. Facilities will be responsible for meeting specified corrective action time frames. The Chief of Compliance will conduct follow-up reviews as appropriate.

B) Audits

The MES Treasurer, or designee, with the advice of the OAG, the Chief of Compliance, and Executive Directors shall conduct periodic scheduled and unscheduled financial surveys of MES programs and procedures utilized to control purchasing of materials at MES facilities and projects. The results of the survey shall be reported to the Director, Chief of Compliance and OAG, who shall jointly recommend follow-up actions, if needed.

C) Targeted Facility Inspections

The Chief of Compliance will conduct Targeted Facility Inspections in order to determine both the environmental compliance status and identify compliance deficiencies at MES facilities. Targeted Facility Inspections will be prioritized in accordance with the risk assessment conducted pursuant to Section 8 of this CFEMS, or in response to a facility's failure to complete a self audit. Targeted Facility Inspections will identify compliance issues, malfunctions, equipment deterioration, worker adherence to SOPs, human error, and unauthorized releases. Findings and corrective actions for Targeted Facility Inspections shall be reported and handled in the same manner as for ECRs described in Section 6A(ii) above.

D) Noncompliance Investigations

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

i) Obligation to Report Noncompliance

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

ii) Potential Criminal Activity

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

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

iii) Investigation Procedure

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

a) *Investigation Team and Preliminary Questions*

The Chief of Compliance shall make a preliminary determination regarding the potential seriousness of the allegation. If the allegation involves potential criminal activity, intentional wrongdoing or serious harm affecting the health and safety of persons or the environment, the Chief of Compliance shall appoint an Internal Investigation Team (IIT) to investigate the allegation. The IIT shall consist of the Chief of Compliance, and may include members of the Environmental Compliance Team, and any person(s) identified by the OAG or the Chief of Compliance as having special or technical expertise in the subject matter of the alleged noncompliance. The Chief of Compliance shall not appoint to the IIT any person who is within the chain of command implicated in the allegation.

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

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

b) *Securing Evidence*

The IIT will collect, secure, and index all original documents and physical evidence related to the allegation. These records and evidence shall be kept in the custody of someone outside of the chain of command implicated by the allegation. If the Chief of Compliance reasonably believes the records are at risk of spoliation, he or she will arrange for appropriate authorities to secure the records. The IIT will immediately identify sources of information related to the subject matter of the investigation that could be modified, and secure them.

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

c) *Interviews*

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

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

d) *Results and Conclusions*

The IIT will determine based on review of all the interviews, physical evidence and the experience of the IIT, whether there is reason to believe that the allegation is credible (i.e. could the alleged incident have happened). If the allegation is credible the IIT will conduct a "root-cause" analysis, identify the

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

source of the non-compliance and make recommendations for corrective actions. The IIT should also recommend a system for development, tracking, and effectiveness verification of recommended corrective and preventative actions.

E) Reporting: Allegations and Results of Investigations

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

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

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

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

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

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

F) Procedures for Inspections/Inquiries by Governmental Authorities

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

Oral notices of impending inspections by environmental authorities are to be immediately communicated to the Chief of Compliance by telephone and followed as soon as possible with

written confirmation. All written notices of inspection received by a facility shall be forwarded to the Chief of Compliance immediately upon receipt.

To the extent practicable, government inspectors/auditors shall be received by the Chief of Compliance and/or at a minimum, the supervisor/manager of the facility and accompanied throughout the course of the inspection. The supervisor/manager shall subsequently prepare a report, or forward the inspector's report, which shall include:

- the date and time of the inspection;
- the identity of the government inspector(s);
- the portions of the facility, facility equipment and operations that were inspected;
- the identity of the employees who accompanied the inspector or provided information to the inspector;
- the source and nature of the information provided; and
- a summary of the results of the inspection, including the issuance of any citations for regulatory violations or summaries relevant to compliance.

The responsible Executive Director shall provide the report to the Chief of Compliance for his/her review and comments and records.

The Chief of Compliance or Facility Supervisor/Manager (as appropriate) shall request copies of any notes, reports or written comments prepared by the inspector during the course of the inspection and such material shall be submitted to the responsible Executive Director. Notes, reports or written comments which indicate significant or serious noncompliance will also be reported to the Director.

The facility shall implement, with the guidance of the Chief of Compliance, the appropriate Executive Director, OAG, as well as the client, if appropriate, any operational or management corrective actions which are deemed necessary as a result of the inspection.

7. Environmental Training and Awareness

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

The Chief of Compliance and the Chief of Safety shall assist the Executive Directors in establishing a training program for their respective Groups. Training shall ensure that personnel responsible for meeting and maintaining compliance with environmental requirements are competent on the basis of appropriate education, training, and/or experience, as verified by field interviews and tests. The Chief of Compliance should report to the appropriate Executive Directors when there are training deficiencies apparent in the Executive Director's Group.

A) Training Subject Matters

i) Hazardous Materials

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

ii) Environmental Regulation

The Chief of Compliance shall assist the Executive Directors to establish training procedures in order to communicate the requirements of environmental regulations to the employees responsible for facility compliance. The training shall apply to any employee who has environmental responsibilities in his/her function and/or position description, anyone who monitors discharges and releases, and anyone who takes samples of discharges, releases or other materials that are subject to applicable federal, state and local laws and regulations.

iii) Equipment and Vehicle Maintenance

The Executive Directors in coordination with the Chief of Compliance and/or the Chief of Safety shall establish training procedures for employees responsible for the regular inspection and maintenance of facility equipment, including calibration and operation of instruments and equipment that measure and monitor discharges and releases from the facility. Employees who maintain and repair motor vehicles at a facility shall be trained in fuel spill and other spill prevention and remediation.

iv) Facility Maintenance/Good Housekeeping

The Chief of Compliance and/or the Chief of Safety shall assist the Executive Directors to provide training for facility employees responsible for regular inspections and routine maintenance and cleaning. Training shall also include spill prevention and remediation and waste stream reduction.

B) Regulatory Awareness

The Chief of Compliance, with advice from the OAG, shall assist the Executive Directors in establishing employee training programs to assure employees are familiar with relevant environmental laws and regulations and to respond to changes in environmental laws and regulations. See Section 4.

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

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

C) Documentation and Communication

After completing any required training program, the individual employees shall certify that they have received the training and the Chief of Safety will be provided copies of the employees' signed certifications that the training has been provided by their respective MES Group. Upon completion of a compliance training program the Chief of Compliance, after consultation with the Executive Directors, may prepare a written report describing the training program and measuring the effectiveness of the training.

8. Environmental Planning and Organizational Decision-Making

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

A) Operational “Change Management”/New Project Review

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

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

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

B) Risk Assessment

The Chief of Compliance, in consultation with the Chief of Safety and the OAG, will create an annually updated risk matrix, prioritizing MES facilities and operations in accordance with the environmental hazard, and the likelihood of non-compliant conduct related to the activities at the facility or operation. The Environmental Hazard Risk Assessment will take into account the toxicity, frequency and size of possible releases, the number of operating environmental permits, the complexity and sophistication of the technology being used, the sensitivity of the local environment and the history of environmental issues at a facility or operation. The assessment of the risk of criminal conduct will consider: (i) the nature and seriousness of any potential criminal conduct; and (ii) the likelihood that certain criminal

conduct may occur because of the nature of the operation. If there is a substantial risk that certain types of criminal conduct may occur, MES shall take reasonable steps to prevent and detect that type of criminal conduct including establishing standards and procedures designed to prevent and detect fraud. All such preventive measures will be incorporated in the SOPs.

This risk matrix will periodically prioritize hazards and activities most likely to foster illegal conduct. Facilities and operations found to be "high risk" facilities shall be subject to an increased level of scrutiny by means of Targeted Inspections and more frequent ECRs.

9. Maintenance of Records and Documentation

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

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

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

10. Pollution Prevention Program - Acquisition, Handling and Disposition of Materials

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

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

A) Acquisition of Materials

Each facility will maintain an active material safety data sheet of all hazardous or regulated material on site. If a vendor does not furnish a complete material safety data sheet, the facility shall so advise the Chief of Safety and shall not acquire any hazardous or regulated material from the vendor without proper authorization from the Chief of Safety.

B) Receiving, Handling and Disbursement of Materials

Each facility shall develop and include in its SOPs appropriate procedures for ensuring that all hazardous or regulated material will be properly received, stored and handled. No person shall remove hazardous or regulated materials from any facility without proper legal authorization. Appropriate trained personnel shall be present whenever hazardous or regulated materials are received by, or removed from, the facility.

C) Disposal of Materials

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

Each facility will establish and include in its SOPs appropriate procedures for verifying, prior to disposal, whether used materials are non-hazardous and/or non-regulated. The facility manager/supervisor/ECO will complete the applicable manifest forms and schedule shipment with authorized haulers in accordance with environmental laws. All completed manifest forms shall be kept at the facility where the waste was generated. The facility

manager/supervisor/ECO shall monitor receipt of copies signed by the transporter and disposer and shall report missing manifests to the OAG and environmental authorities as required. The manifests shall be kept on file at the facility for three years.

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

11. Continuing Program Evaluation and Improvement

A) Evaluation of Environmental Compliance Program

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

B) Environmental Compliance Reviews

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

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

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

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

C) Annual Report on Environmental Compliance

In consultation with the OAG, the Chief of Compliance shall prepare an annual compliance report, based on the Environmental Compliance Reviews, Targeted Facility Inspections and Noncompliance investigations. The Report shall evaluate all twelve elements of the Compliance Focused Environmental Management System and recommend program improvements and revisions. The Report shall be given to the Director and the Executive Directors. The Director will provide copies of the report to the Board of Directors of MES, accompanied by the Director's views and recommendations for the program.

12. Public Involvement/Community Outreach

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

Glossary

CFEMS - Compliance Focused Environmental Management System - A "Compliance Focused Environmental Management System" is generically defined as an EMS that an outside regulatory agency has suggested that an organization adopt. In the case of the present document, MES entered into a voluntary agreement with EPA to develop and maintain a CFEMS. The 12 elements of an approved environmental management system around which this document is organized are derived from the EPA's Office of Enforcement and Compliance Assurance (OECA) Model CFEMS. The present MES CFEMS has adapted the OECA model to fit MES' organizational structure and functional operations.

ECO - Environmental Compliance Officer - a designated person at each facility or operation responsible for environmental compliance. The ECO will prepare an annual report (an ECR) describing the effectiveness and deficiencies of environmental compliance at that facility, and transmit it to the Chief of Compliance. They should also be able to make recommendations to improve compliance at MES. The ECO may be, but is not required to be, a facility manager

ECR - Environmental Compliance Review - periodic and ongoing comprehensive reviews of all regulatory aspects of the facility or operation.

EMS - Environmental Management System - The International Organization for Standardization (ISO) defines an EMS as "that part of the overall management system which includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing, and maintaining [the organization's] environmental policy." The EMS provides the structure by which specific activities related to environmental protection and compliance can be effectively and efficiently carried out.

Environmental Compliance Team - The Compliance staff assigned to the Environmental Compliance section of MES.

Environmental Ethics Form - A form required of all new employees who may be directly responsible for sample collection, sample measurements, analytical results, equipment calibrations, and reporting requirements. The form confirms the importance of complying with all applicable federal, state and local environmental laws, regulations and permit conditions. This form notifies the employee of potential consequences of failure to report accurate information, and of falsifying records.

MES Group - Each of the 3 major sections of MES is an "MES Group". Currently the MES Groups consist of Environmental Operations, Technical and Environmental Services (TES) and Water and Wastewater. Each Group is governed by a Group Executive Director. The Groups are broken down into Divisions, and in some cases, Sections within the Divisions.

ITT - Internal Investigation Team - group of MES employees assembled by the Chief of Compliance to investigate allegations of non-compliance.

OAG - Office of the Attorney General- The OAG, as referenced in this CFEMS, refers exclusively to the Assistant Attorney Generals assigned to represent the MES.

OAG-CID - Office of the Attorney General, Criminal Investigation Division - Division within the State's OAG responsible for the investigation and prosecution of criminal activities at or concerning State agencies.

Self- Audits - Self audits are one component of the Environmental Compliance Review. Each facility shall conduct annual self-audits identifying any deficiencies noted, as well as the corrective actions taken or needed, and submit a findings report to the Chief of Compliance.

SOP - Standard Operating Procedure - The words “standard operating procedure” (SOP) by themselves, without any other modifying phrase, are used in this document to mean any generic SOP. When the term SOP is modified with a specific name, then the SOP term used in this CFEMS has the specific meaning defined below:

Division SOP - an SOP that is intended to cover and apply to all facilities and employees of the specified Division.

Facility SOP - the complete set of all the different SOPs that are in effect at the facility and are filed together at a single location known to all employees at that facility.

Group SOP - an SOP that is intended to cover and apply to all facilities and employees of the specified Group.

Individual Process or Activity SOP - an SOP written to cover an individual process or activity at an individual facility or group of facilities in a specified section and does not necessarily apply to all MES facilities.

MES SOP - an SOP that is intended to cover and apply to all MES facilities and employees.

SOP Guidance Form - an approved procedure for promulgating and adopting SOPs at the Agency, Group, Division, Section, or Facility levels.

Historically, the many different forms and uses of SOPs has lead to some confusion regarding what constitutes a valid SOP, when the SOP was issued and when it needs to be updated. The minimum requirements for an SOP are:

- 1) that it must be in writing;
- 2) that it be dated and approved by the highest supervisory person in the chain of command of the agency unit that will be using the SOP; and,
- 3) that it be filed together with the other SOPs in the agency unit covered by the SOP.

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE**

RESOLUTION

09-10-1R

A RESOLUTION

AUTHORIZING THE DIRECTOR OF THE MARYLAND ENVIRONMENTAL SERVICE ("SERVICE") TO CLOSE CERTAIN OFFICES AND FACILITIES OF THE SERVICE ON FRIDAY, NOVEMBER 27, 2009 AND THURSDAY, DECEMBER 24, 2009, 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 policies; and

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

WHEREAS, by law, the offices of most State agencies will be closed on Friday, November 27, 2009 and Thursday, December 24, 2009.

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 27, 2009, and on Thursday, December 24, 2009, except for those offices and facilities which the Service is obligated by law or agreement to operate and have open for business on those days.
2. All employees of the Service shall be granted paid leave on Friday, November 27, 2009,

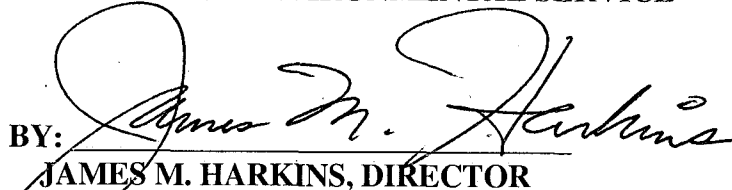
Resolution No. 09-10-1R
Authorization to Close MES Offices on 11/27/09 & 12/24/09
Page 2

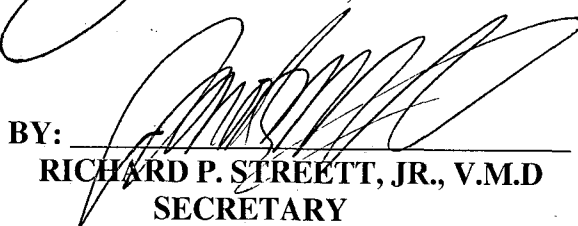
and on Thursday, December 24, 2009, in the same manner as if that day were a Holiday under COMAR 14.27.02.15.A.

ADOPTED, this 19th day of October, 2009.

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
(09-11-01R)

A RESOLUTION DECLARING

THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE PLANNING, INSPECTION, ACQUISITION, AND FINANCING OF ONE OR MORE PARCELS OF REAL PROPERTY IN HARFORD 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, acquisition, and financing of one or more parcels of real property located in Harford County, Maryland in conjunction with the development of a solid waste project (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.

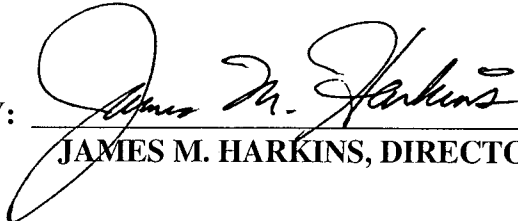
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE THAT:

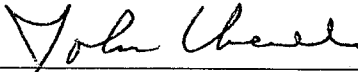
1. The Service states its intention and reasonable expectation to use the proceeds of tax-exempt bonds or other debt obligations to reimburse itself for expenditures associated with planning, inspection, acquisition, and financing of the Project. The Service expects to issue or cause the issuance of bonds or other debt obligations in an amount not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

ADOPTED, this 2nd day of November, 2009.

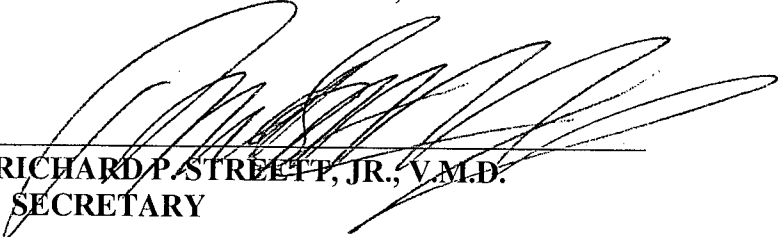
SEAL

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