

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
19-02-1R**

A RESOLUTION

**AMENDING THE MARYLAND ENVIRONMENTAL SERVICE RETIREE
MEDICAL REIMBURSEMENT PLAN.**

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 (“MES”) is directed and authorized to determine and establish compensation and benefits for its employees; and

WHEREAS, on June 25, 1998, the Board of Directors of MES (“Board”) 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 MES and their surviving spouses; and

WHEREAS, in 2006 the Board amended the Reimbursement Plans to provide for a single Reimbursement Plan (the “Current Plan”) and made other changes; and

WHEREAS, in 2014 the Board amended the Current Plan modify the eligibility requirements for benefits under the Current Plan; and

WHEREAS, the Board desires to amend the Current Plan to modify the benefits available to eligible individuals and to make other changes; and

WHEREAS, the Board desires to make all the changes to the Current Plan retroactive

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

1. The Board hereby confirms the adoption of the original Reimbursement Plans on June 25, 1998, the subsequent amendment adopting the Current Plan in 2006, and the amendment to the Current Plan in 2014.
2. The Board hereby confirms all actions taken by MES in implementing the Reimbursement

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Amendment to Retiree Medical Expense Reimbursement Plan
Page 2

Plans and the Current Plan.

3. The Current Plan is hereby amended to incorporate the changes shown on Exhibit A to this Resolution entitled "Maryland Environmental Service Retiree Medical Expense Reimbursement Plan, Revised February 25, 2019."
4. All other provisions of the Current Plan shall remain the same.
5. This Resolution shall be effective retroactive to January 1, 2019.

ADOPTED, this 25th day of February, 2019.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: _____


ROY MCGRATH, DIRECTOR

BY: _____


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

**BOARD OF DIRECTORS
MARYLAND ENVIRONMENTAL SERVICE
RESOLUTION
19-09-1R**

A RESOLUTION

AUTHORIZING THE DIRECTOR OF THE MARYLAND ENVIRONMENTAL SERVICE ("SERVICE") TO CLOSE CERTAIN OFFICES AND FACILITIES OF THE SERVICE ON FRIDAY, NOVEMBER 29, 2019, 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 29, 2019.

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

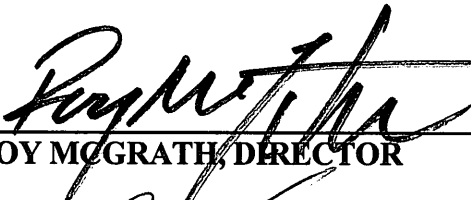
1. The Director may close the offices and facilities of the Service on Friday, November 29, 2019, except for those offices and facilities which the Service is obligated by law or agreement to operate and have open for business on that day.
2. All employees of the Service shall be granted paid leave on Friday, November 29, 2019, in the same manner as if that day were a Holiday under COMAR 14.27.02.15.A.

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Authorization to Close MES Offices on 11/29/19
Page 2

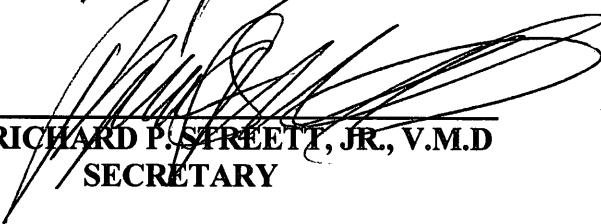
ADOPTED, this 20th day of September 2019.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 

ROY MCGRATH, DIRECTOR

BY: 

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

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 19-12-1 R

A RESOLUTION AUTHORIZING

The execution and delivery by the Maryland Environmental Service (the "Service") of certain instruments and documents related to KC-MES J.V., LLC, a Maryland limited liability company (the "Company"), including a Membership Interest Purchase Agreement ("Agreement") for the sale of one percent (1%) of the Service's membership interest in the Company to CPM Project Management, LLC, a Maryland limited liability company ("Buyer"); adopting a First Amendment to Amended and Restated Operating Agreement of the Company (First Amendment"); approving an Assignment of Membership Interests by the Service ("Assignment"); and providing generally for other matters in connection therewith.

RECITALS

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 through 3-130 of the Natural Resources Article of the Annotated Code of Maryland (2018 Replacement Volume), as amended to date (the "Act"), including, (among others) the powers (i) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service, (ii) to make any contract or agreement the Service determines to be necessary or incidental to the performance of its duties and to the execution of the purpose of and the powers granted by the Act, including contracts with any person, on terms and conditions the Service approves, and (iii) to create, with the approval of the Board, private corporations.

The Service created and owns one hundred percent (100%) of the outstanding interests of the Company and manages the activities of the Company pursuant to an Amended and Restated Operating Agreement dated September 24, 2008 ("Operating Agreement"). Since 2002 the Company has constructed, financed and managed the Service's headquarters building at 259 Najoles Road in Millersville, Maryland. Pursuant to an office lease dated October 2, 2002, as amended, the Service currently leases from the Company all the office space in the building.

Because of a significant increase in the activities of the Service since 2002, and a corresponding increase in staffing levels, the Service requires additional office space. On August 1, 2019, the Service and the Buyer executed a Letter of Understanding ("LOU") pursuant to which the Buyer will (a) acquire a one percent (1%) interest in the Company, and (b) will, for a stated fee, oversee the design, development and financing of a project to expand the existing Service headquarters building ("Expansion Project").

The most recent draft of the Agreement, the Amendment, and the Assignment are attached hereto as, respectively, Exhibits "A," "B," and "C" (collectively, the "Transaction Documents"). The

Service proposes to enter into the Transaction Documents substantially in the form presented to this meeting.

The Service considers the sale of one percent (1%) of its interest in the Company, the approval an execution of the Transaction Documents, the implementation of the Expansion Project, and all other transactions contemplated by this Resolution, to be in furtherance of the public purposes of the Act and the Service.

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

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

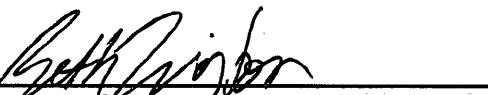
8. This Resolution shall take effect immediately upon its adoption.

ADOPTED, this 19th day of December 2019.

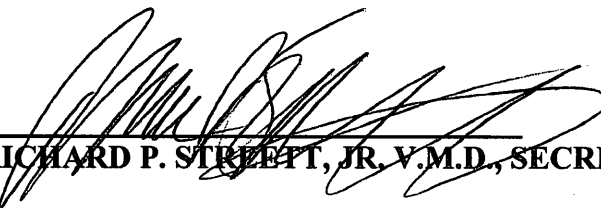
SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY: 
ROY MCGRATH, DIRECTOR

BY: 
BETH WOJTON, DEPUTY DIRECTOR

BY: 
MICHAEL HARRIS, TREASURER

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

MEMBERSHIP INTERESTS PURCHASE AGREEMENT

This Membership Interests Purchase Agreement (“Agreement”) is entered into as of the [] day of [] 2019 (the “Effective Date”), by and between CPM Project Management, LLC, a Maryland limited liability company (“Buyer”) and Maryland Environmental Service, an agency and instrumentality of the State of Maryland (“Seller”), the terms of which are as set forth below:

RECITALS

A. Seller owns one hundred percent (100%) of the outstanding Interests (the “Seller Interests”) of KC-MES J.V., LLC, a Maryland limited liability company (“Company”), with its respective duties, obligations and rights as set forth in that certain Amended and Restated Operating Agreement of KC-MES J.V., LLC, dated September 24, 2008 executed by Seller (“Operating Agreement”). Capitalized terms used but not defined herein shall have meanings given in the Operating Agreement.

B. The purpose of the Company is to acquire, hold, develop, mortgage, lease, sell and otherwise manage a two-story office building consisting of approximately 45,233 gross square feet of enclosed area located on approximately five (5) acres of land at 259 Najoles Road in Millersville, Maryland as well as construct an approximately 30,000 gross square foot, two-story office addition (collectively, the “Project”) along with combining the adjacent properties of approximately 13.37321 acres (known as the “Bleemke Parcel” located at 265 & 269 Najoles Road; 259, 265 & 269 Najoles Road are collectively, the “Real Property”).

C. The Company and Seller entered into a Letter of Understanding (the “LOU”) with CPM RE Ventures, LLC (“CPM”) dated August 1, 2019 with regard to the Project and the Real Property and CPM’s rights and obligations under the LOU were assigned and transferred as of August 21, 2019 to Buyer.

D. Seller has agreed to sell one percent (1%) of the Seller Interests to Buyer and Buyer has agreed to buy one percent (1%) of the Seller Interests (the “Transactions”).

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

1. SALE OF ONE PERCENT (1%) OF SELLER INTEREST; CLOSING.

1.1 Sale of One Percent (1%) of Seller Interests.

(a) Subject to the terms and conditions of this Agreement, as of the Effective Date, Seller shall sell and transfer one percent (1%) of the Seller Interests to Buyer.

(b) In consideration for the sale of one percent (1%) of the Seller Interests, Seller shall receive from Buyer One Hundred Dollars (\$100.00) (the “Purchase Price”), in immediately payable funds, by check dated as of the Effective Date.

1.2 Transfer of One Percent (1%) of Seller Interests. Transfer of one percent (1%) of the Seller Interests at Closing shall be evidenced by an Assignment of Membership Interests ("Assignment of Interests") substantially in the form attached hereto as Exhibit A.

1.3 Closing and Effective Date.

(a) **The Closing.** The purchase and sale described herein (the "Closing") shall take place on the Effective Date; provided that, on such date, all conditions to Closing described in Sections 5 and 6 shall have been satisfied or waived by and as of such date. Such date and time are referred to herein as the "Closing Date." Signatures required for the Closing may be transmitted by facsimile to counsel for Seller and Buyer. To the extent that the Lender Consent Letter (hereinafter defined) is not received as of such date, then said date shall be extended by up to an additional thirty (30) days to provide the Seller with additional time to obtain the Lender Consent Letter.

1.4 Closing Obligations. At the Closing,

(a) The Seller will deliver to Buyer:

(i) the Assignment of one percent (1%) of the Interests executed by Seller as assignor;

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

(iii) an Amendment to the Operating Agreement (the "Amendment") in the form attached hereto as Exhibit B; and

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

(b) The Buyer will deliver to Seller:

(i) the Purchase Price;

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

(iii) the Amendment executed by Buyer; and

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

2. REPRESENTATIONS AND WARRANTIES OF SELLER AND COMPANY.

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

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

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

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

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

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

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

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

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

2.5 Litigation and Proceedings. There are no legal claims, actions, suits, arbitrations or other legal, administrative or governmental proceedings pending or, to the knowledge of Seller in its capacity as Manager of the Company, threatened against the Company, the Real Property or the Project. To the knowledge of Seller in its capacity as Manager of the Company, the Company is not in default with respect to any judgment, order or decree of any court, governmental agency or instrumentality.

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

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

2.8 No Finders or Brokers. As a result of any act or failure to act by Seller for itself or for the Company in its capacity as Manager of the Company, or any of its officers, members, partners, shareholders, trustees, beneficiaries or other affiliates, no person or entity has, or as a result of the Transactions contemplated hereby will have, any right, interest or claim

against or upon Buyer or any of its affiliates for any commission, fee or other compensation as a finder, broker or in any similar capacity.

2.9 Knowledge. As used in this Agreement, “to the knowledge of Seller” and similar phrases shall mean (i) with respect to the Company, all matters reflected in any documents or files in the possession of Seller and Company and any matter or information accessible to a reasonably prudent business person; and (ii) with respect to the Seller, the actual knowledge of _____ and _____ (the “Designated Parties”), the Designated Parties being the parties charged with knowledge of the subject matter of such representations and warranties or having made investigation and inquiry of those representatives, agents, consultants and employees of Seller and the Company who would have knowledge of the subject matter of such representations and warranties; provided that so qualifying Seller’s knowledge shall in no event give rise to any personal liability on the part of the Designated Parties, or any of them, or any other officer or employee of Seller, on account of any breach of any representation or warranty made by Seller herein.

2.10 Title to Seller Interests. Upon the acquisition by Buyer of one percent (1%) of the Seller Interests on the Closing Date, Buyer will have good title to one percent (1%) of the Seller Interests subject to no mortgage, pledge, lien, security interest, encumbrance or restriction, with the exception of the Senior Loan.

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

2.12 Governmental and other Third Party Approvals and Consents. To the knowledge of Seller in its capacity as Manager of the Company and except as provided on Schedule 2.12, there are no governmental approvals or consents, or approvals or consents required from any other third parties in order to consummate the Transactions contemplated by this Agreement or to carry on the business of the Company after the Closing Date in substantially the same manner as conducted immediately prior to the Closing Date.

3. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer represents and warrants to Seller as follows:

3.1 Existence and Good Standing. Buyer is a Maryland limited liability company and has full power and authority to carry on its business as presently conducted.

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

3.3 Compliance with Contracts and Instruments. No provision exists in any agreement to which Buyer is a party or by which its assets are bound, which would be

violated by the execution, delivery or consummation of this Agreement or the Transactions contemplated hereby.

3.4 Investment Intent. Buyer acknowledges that one percent (1%) of the Seller Interests to be transferred to Buyer pursuant hereto have been issued and will be transferred pursuant to exemptions from registration under the federal Securities Act of 1933 and the state securities laws of the State of Maryland. Buyer is acquiring such interest in Company for investment purposes only and Buyer has no present intent to distribute, resell, pledge or otherwise dispose of any interest in Company. Buyer acknowledges that Buyer has had a reasonable opportunity, at a reasonable time prior to the date hereof, to ask questions of and receive answers from Seller and Company concerning one percent (1%) of the Seller Interests, and all such questions have been answered to Buyer's full satisfaction. Buyer further acknowledges that Buyer has had a reasonable opportunity to obtain information necessary to analyze the nature and consequences of the investment, and to evaluate the merits and risks of the investment.

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

4. POST-CLOSING COVENANTS.

4.1 Indemnification.

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

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

(ii) the operation of the Company and its business after the Closing Date to the extent of any liability attributable to the Company after the Closing Date (including reasonable attorneys' fees and other costs of defense), provided however, Buyer shall not be indemnified for any liability arising out its negligence, gross negligence or fraudulent conduct at any time.

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

- (i) any breach of a representation or warranty or nonfulfillment of any agreement or covenant on the part of Buyer under this Agreement; or
- (ii) any negligent, fraudulent or grossly negligent actions or omission taken by Buyer.

The provisions of this Section 4.1 shall specifically survive Closing.

(c) **Limitation on Indemnification Obligations.** The indemnification obligations of the parties to this Section 4.1 shall be subject to the following:

(i) The amount of damages, losses, liabilities and expenses required to be paid by any party to indemnify any other party pursuant to this Section 4.1 shall be reduced to the extent of such indemnifying party's pro rata share of any amounts actually received by the indemnified party after the Closing Date pursuant to the terms of insurance policies (if any) covering such claim; and

(ii) The amount of damages, losses, liabilities and expenses required to be paid by any party to indemnify any other party pursuant to this Section 4.1 shall be reduced by such indemnifying party's pro rata share of the amount of any federal, state or local tax benefit actually realized by the indemnified party as a result of such claim;

(iii) Notwithstanding anything to the contrary contained herein, the amount of damages, losses, liabilities and expenses required to be paid by the Buyer pursuant to this Section 4.1 shall not exceed any compensation actually received paid to the Buyer with regard to the Project.

(iv) All representations and warranties made in this Agreement shall survive for a period of two (2) years from Closing.

(d) **Procedure for Indemnification.** Any party that intends to enforce an indemnity obligation shall give the indemnifying party notice of any claim as soon as practicable. The failure to give such notice shall not constitute a waiver or release of the indemnifying party, but the obligation of the indemnifying party shall be reduced to the extent of any actual monetary prejudice resulting from the indemnified party's delay or failure to give any such notice. In the event such indemnification involves a claim by a third party, the indemnifying party shall have the right and obligation to conduct the defense of the claim through counsel selected by the indemnifying party and approved by the indemnified party (which approval shall not be unreasonably withheld, delayed or conditioned), and the assertion of such right shall constitute an acknowledgment by the indemnifying party that such claim is an indemnifiable claim for which the indemnifying party is responsible under this Section 4.1. If, following notice of a claim by a third party, the indemnifying party fails to promptly initiate and conduct the defense of such claim, then the indemnified party shall engage counsel of its choice to defend such claim and the indemnifying party shall be responsible for all reasonably incurred costs and expenses. The indemnified party shall not voluntarily settle any such third-party claim

without a full release (without liability) of the indemnified party or the prior written approval of the indemnifying party, which approval shall not be unreasonably withheld, delayed or conditioned.

(e) **Exclusive Remedy.** The indemnification provisions contained in this Section 4.1 shall constitute the sole and exclusive post-closing remedy for the recovery of money damages against Buyer or Seller in connection with this Agreement and the Transactions described herein.

5. ENTIRE AGREEMENT.

This Agreement (including Exhibits A and B and the Schedule hereto) sets forth the entire agreement and understanding of the parties with respect to the Transactions contemplated hereby and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof.

6. NOTICES.

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

If to Buyer:

CPM Project Management, LLC
1546 Briarcliff Road
Arnold, MD 21012
Attention: Craig Morrell
Email: craig.morrell@morrellcommercial.com

If to Seller:

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108
Attention: Sean Coleman
Email: scole@menv.com

7. GOVERNING LAW; INTERPRETATION; SECTION HEADINGS.

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

8. EXPENSES.

The Company shall pay the legal fees incurred with regard to the preparation and subsequent revisions of this Agreement, the Assignment of Interest and the Amendment to the Operating Agreement, and all other costs and expenses incurred in the performance and compliance with all conditions and obligations to be performed by or pursuant to this Agreement or as contemplated hereby. Buyer and the Seller shall each pay their own fees, expenses, disbursements, and those of their counsel in connection with the review and negotiation of this Agreement, the Assignment of Interest and the Amendment to the Operating Agreement.

9. GENERAL.

All of the terms, provisions, covenants, representations, warranties and conditions of this Agreement shall survive the consummation of the Transactions provided for or contemplated herein only to the extent set forth herein and shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Except as otherwise expressly provided herein, this Agreement may be amended, modified, superseded or canceled, and any of the terms, provisions, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by Seller and Buyer or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right to enforce the same. No waiver by any party of any condition, or of the breach of any term, provision, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, provision, covenant, representation or warranty. In the event that any one or more of the provisions of this Agreement shall be held or otherwise found to be invalid, illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby. None of the parties hereto shall assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto. This Agreement is for the sole benefit of the undersigned parties hereto and is not for the benefit of any third party. Seller and Buyer hereby acknowledge that The Law Offices of Kirk Halpin & Associates, P.A., has represented only the Company in the preparation of this Agreement. Seller and Buyer further recognize and acknowledge that it has been urged to and has had an opportunity to have their own counsel separate from The Law Offices of Kirk Halpin & Associates, P.A. review this Agreement prior to the execution hereof and has either done so or hereby expressly waives the right to do so.

10. FURTHER ASSURANCES.

Seller shall execute and deliver such other documents and instruments, and take such other actions, as Buyer may reasonably request in order to more fully vest and perfect in Buyer all title and interest in and to one percent (1%) of the Seller Interests.

11. COUNTERPARTS.

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

12. WAIVER OF JURY TRIAL.

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

13. INTERPRETATION OF AGREEMENT.

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

14. IMMUNITY.

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

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

SELLER:

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

By _____
Name _____
Title _____

BUYER:

CPM Project Management, LLC,
a Maryland limited liability company

By: _____ (SEAL)

Craig P. Morrell, Manager

EXHIBITS

Exhibit A	Assignment of Interests
Exhibit B	Amendment to Operating Agreement

SCHEDULE

Schedule 2.16	Third Party Consents
---------------	----------------------

EXHIBIT A

[Attach Assignment of Interests]

EXHIBIT B

[Attach Amendment to Operating Agreement]

SCHEDULE 2.12

Third Party Consents

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

**FIRST AMENDMENT TO
AMENDED AND RESTATED OPERATING AGREEMENT OF KC-MES J.V., LLC**

THIS FIRST AMENDMENT (the "Amendment") to the Amended and Restated Operating Agreement of KC-MES J.V., LLC, a Maryland limited liability company (the "Company") is made effective as of the [] day of [] 2019 (the "Effective Date"), by and among the signatories hereto:

RECITALS

A. Maryland Environmental Service ("MES") is a party to an Amended and Restated Operating Agreement for the Company dated September 24, 2008 (the "Operating Agreement"). Any terms used in this Agreement which are not defined herein, but are defined in the Operating Agreement shall have the meaning respectively ascribed to them in the Operating Agreement.

B. The Company currently owns around 45,233 gross square feet of enclosed area located on approximately five (5) acres of land at 259 Najoles Road in Millersville, Maryland. The New Member (hereinafter defined), as the development manager for the Company, shall assist the Company with the addition of an approximately 30,000 gross square foot, two-story office addition to annex the existing building (hereinafter referred to as the "Expansion Project") along with combining the adjacent properties of approximately 13.37321 acres (known as the "Bleemke Parcel" located at 265 & 269 Najoles Road) acquired by MES into the Company via a ground lease (which shall thereafter be referred to as the "Combined Properties").

C. The Company and MES entered into a Letter of Understanding (the "LOU") with CPM RE Ventures, LLC ("CPM") dated August 1, 2019 with regard to the Expansion Project and the Combined Properties and CPM's rights and obligations under the LOU were assigned and transferred as of August 21, 2019 to CPM Project Management, LLC (the "New Member"). The LOU is attached to this Amendment as Exhibit B and is hereby incorporated herein by reference.

D. MES entered into a Membership Purchase Agreement (the "Membership Purchase Agreement") dated as of the Effective Date with the New Member pursuant to which New Member agreed to purchase (the "Transfer") a 1% membership interest in the Company from MES.

E. MES desires to amend the Operating Agreement pursuant to this Amendment to approve the Transfer in compliance with Article V of the Operating Agreement governing transfers and Section 9.1 of the Operating Agreement governing amendments to the Operating Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties, intending to be legally bound, agree, as follows:

1. Approval of the Membership Purchase Agreement. MES hereby approves, adopts and consents to the Transfer.

2. Admission of New Member as an Additional Member. MES hereby approves, adopts, consents to, votes for, confirms and ratifies the admission of New Member as an additional member as of the Effective Date.

3. Amendment to the Operating Agreement.

a. Exhibit A to the Operating Agreement shall be deleted in its entirety and replaced with the Amended and Restated Exhibit A, which is attached hereto and incorporated herein by reference, which shall decrease the ownership interests of MES to ninety-nine percent (99%) and add New Member as a one percent (1%) Member.

b. Once the Expansion Project is substantially completed and has received its use and occupancy permit from Anne Arundel County, then within thirty (30) days thereafter MES shall repurchase the New Member's one percent (1%) membership interest in the Company in exchange for One Hundred Dollars (\$100.00).

c. Notwithstanding anything to the contrary contained in the Operating Agreement or the Act, neither Craig Morrell, CPM or the New Member will have any obligation to contribute any equity or other funds to the Company nor make any loans or guaranty any obligations or any loans on behalf of the Company or MES.

d. Notwithstanding any limitations or restrictions in the Operating Agreement or the Act with regard to payments or compensation to a member of the Company, the New Member shall still be entitled to such compensation as set forth in the LOU.

e. To the extent that the New Member or MES terminates the LOU pursuant to the terms thereof, then within thirty (30) days thereafter MES shall repurchase the New Member's one percent (1%) membership interest in the Company in exchange for One Hundred Dollars (\$100.00).

f. Notwithstanding anything to the contrary contained in the Operating Agreement or the Act, to the extent that MES does not repurchase the New Member's one percent (1%) membership interest in the Company as required by this Amendment, then the New Member shall be entitled to resign and withdraw its membership interest in the Company by so notifying MES in writing.

g. Notwithstanding Section 5.3 of the Operating Agreement, no provisions of this Amendment shall be further amended without the prior written unanimous approval of all Members. Furthermore, notwithstanding Section 5.3 of the Operating Agreement, no actions, decisions or authorizations which may impact the New Member except for termination of the LOU pursuant to the provisions thereof shall be made without the prior written unanimous approval of all Members.

h. Notwithstanding anything to the contrary contained in the Operating Agreement, the parties acknowledge that New Member shall be designated the Company's authorized member with regard to the Expansion Project subject to the limitations and restrictions as hereinafter provided.

i. In connection with the Scope of Work set forth in the LOU, and except as expressly provided herein New Member shall serve as the Company's representative and shall have the authority to make any and all decisions and to enter into agreements upon such terms and conditions as New Member deems appropriate on the Company's behalf as if New Member were the owner of the Project.

ii. In connection with the duties and responsibilities of New Member pursuant to the LOU, New Member is authorized to negotiate such contracts and agreements as it deems appropriate on behalf of the Company to complete the Expansion Project. The New Member shall provide copies of any such contracts and agreements to MES via email for its review and email approval. To the extent that MES does not respond to any email with regard to a contract or agreement in the amount of Fifty Thousand Dollars (\$50,000.00) or less after ten (10) calendar days, then such contract or agreement shall be deemed approved and New Member may execute or approve such contract or agreement. For any contract or agreement in excess of Fifty Thousand Dollars (\$50,000.00), MES shall be required to approve such contract or agreement before the New Member may execute or approve such contract or agreement.

iii. The Company shall establish a separate bank account for the Expansion Project (the "Expansion Project Bank Account"). During the construction of the Expansion Project, the New Member shall provide MES with a monthly requisition setting forth the amount needed to pay all vendors or contractors performing work on the Expansion Project. The Requisition shall include a copy of all invoices, bills and other requests for payment from all third parties whom New Member engages for the Expansion Project. Upon receipt of the necessary funds from MES, then the New Member shall promptly pay all such vendors or contractors. No payments shall be made by the Company to the New Member, CPM, or to Craig P. Morrell without the express prior approval, in writing or by email, of MES.

iv. To the extent that the Company obtains a loan during the construction of the Expansion Project (the "Construction Lender", then the New Member shall be responsible for preparing draw requests and submitting to MES for their review and approval. Once MES approves such draw request, then the New Member shall forward such approved draw request to the Construction Lender and shall manage and coordinate the payment of all such vendors or contractors once the Construction Lender has funded the draw request such that the Expansion Project Bank Account will have sufficient funds to make such payments. To the extent that the Construction Lender does not fully fund a construction draw, then MES shall be solely responsible for funding any necessary funds to pay such vendors or contractors. So long as New Member does not engage in gross negligence or fraudulent activities with regard to the Expansion Project, then the New Member shall not have any obligations to contribute any funds to the Company.

v. To the extent that MES desires the Company to either obtain financing for the construction of the Expansion Project and/or permanent financing once the Expansion Project is substantially complete, then New Member shall obtain one or more term sheets and may engage a mortgage broker on behalf of the Company in this regard. New Member shall provide MES with a summary of the various term sheets along with its recommendation of the lender that is offering the best overall terms. MES shall be required to approve the term sheet from the lender that it desires to proceed with for financing. Once MES

has approved such term sheet, then the New Member shall be authorized on behalf of the Company to sign such term sheet along with any subsequent commitment letter and loan documents provided that they are in substantial compliance with the terms of the approved term sheet.

4. Consent. MES constituting one hundred percent (100%) of the Membership Interests in the Company as of the Effective Date by their signature below hereby (a) consents to the Transfer to New Member; and (b) consents to the amendment of the Operating Agreement as provided for in Section 3 above and to the other actions set forth herein.

5. Ratification of Operating Agreement. The Operating Agreement, as amended by this Amendment, is hereby ratified, approved, affirmed and incorporated herein in its entirety by this reference.

6. Effectiveness. This Amendment shall become effective as of the Effective Date.

7. Entire Agreement and Conflicts. The Operating Agreement, as amended by this Amendment and the LOU, sets forth the entire agreement and understanding of the parties with respect to the Operating Agreement, and supersedes all prior agreements, arrangements, and understandings relating to the subject matter of such agreement. To the extent of any conflict between the Operating Agreement and the LOU, the terms of the LOU shall govern.

8. Definitions. Defined terms used herein shall have the meaning set forth in the Operating Agreement as modified herein unless the context clearly indicates or dictates a contrary meaning.

9. Applicable Law. This Amendment shall be construed and enforced in accordance with the laws of the State of Maryland, without regard to conflict of law principles, in effect therein.

10. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which shall together constitute one document.

11. Representation by Counsel. MES and New Member hereby acknowledge that The Law Offices of Kirk Halpin & Associates, P.A., has represented only the Company in the negotiation and preparation of this Amendment. MES and New Member further recognize and acknowledge that it has been urged to and has had an opportunity to have counsel for MES and counsel for New Member separate from The Law Offices of Kirk Halpin & Associates, P.A. review this Amendment prior to the execution hereof and has either done so or hereby expressly waives the right to do so.

[SIGNATURE PAGE FOLLOWS]

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

MEMBER:

Maryland Environmental Service,
an agency and instrumentality of the State of
Maryland

By: _____ (SEAL)

Name: _____

Title: _____

FOR GOOD & SUFFICIENT CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE UNDERSIGNED AS OF THE EFFECTIVE DATE SIGNS THIS AMENDMENT AGREEING TO BE BOUND BY ALL TERMS AND PROVISIONS OF THE OPERATING AGREEMENT AS AMENDED BY THIS AMENDMENT.

CPM Project Management, LLC,
a Maryland limited liability company

By: _____

Craig P. Morrell, Manager

**AMENDED & RESTATED OPERATING AGREEMENT OF
KC-MES J.V., LLC**

FIRST AMENDED & RESTATED EXHIBIT A

**LIST OF MEMBERS AND
PERCENTAGE OF INTERESTS**

Effective as of [] day of [] 2019

<u>Member's Name and Address</u>	<u>Percentage Interests</u>
Maryland Environmental Service 259 Najoles Road Millersville, MD 21108	99%
CPM Project Management, LLC 1546 Briarcliff Road Arnold, MD 21012	1%

EXHIBIT B

LETTER OF UNDERSTANDING

1-20-1-03-2

CPM RE VENTURES, LLC

1546 Briarcliff Road
Arnold, MD 21012

August 1, 2019

Ms. Beth Wojton, Deputy Director
Maryland Environmental Service
259 Najoles Road
Millersville, MD 21108

Dear Ms. Wojton:

This Letter of Understanding defines the basic terms and conditions in which an entity to be formed by Craig Morrell shall acquire an interest in the existing real estate ownership entity, KC-MES J.V., LLC and how the entity to be created by Craig Morrell (hereinafter referred to as "CPM RE Ventures") shall be compensated for the Scope of Work as outlined herein as a Development Fee for working collaboratively with Maryland Environmental Service, an agency and instrumentality of the State of Maryland ("MES") on the addition of an approximately 30,000 gross square foot, two-story office addition to annex the existing 45,233 gross square foot building (hereinafter referred to as the "Expansion Project") along with combining the adjacent properties of approximately 13.37321 acres (known as the "Bleemke Parcel" located at 265 & 269 Najoles Road) acquired by MES into the joint venture entity via a ground lease (which shall thereafter be referred to as the "Combined Properties").

Existing Entity Structure Modifications

An entity to be formed by Craig Morrell will acquire a 1% interest in the existing real estate ownership entity KC-MES J.V., LLC for the consideration of \$100.00. Upon completion of the Expansion Project, KC-MES J.V., LLC will purchase the 1% interest back from Craig Morrell's entity for \$100.00. No further consideration shall be due and payable to Craig Morrell or Craig Morrell's entity other than the compensation referred to as the development fee ("Development Fee") for the scope of work to be performed by CPM RE Ventures as outlined herein. Notwithstanding anything to the contrary contained herein, neither Craig Morrell, CPM RE Ventures or Craig Morrell's entity will have any obligation to contribute any equity or other funds, make any loans or guaranty any obligations or any loans on behalf of KC-MES J.V., LLC or MES.

Separately, the existing property at 259 Najoles Road would be redefined to include both the existing property and improvements thereon in addition to the "Bleemke Parcel" as the Combined Property. The Combined Property shall be subject to ground leases between KC-MES, J.V., LLC and MES. The ground leases shall be amended and extended such that they are co-terminus with similar renewal options and extensions. Any legal costs required to modify the existing lease agreement or the ground leases between MES and KC-MES J.V., LLC shall be part of the project costs and payable by MES.

Scope of Work by CPM RE Ventures

KC-MES, J.V., LLC will hire the new entity formed by Craig Morrell as the developer of the Expansion Project to oversee the design, development and if necessary, the financing of the Expansion Project.

All aspects of the project will be handled on an "open book" basis with full disclosure to MES of all cost projections, detailed cost breakdown analysis, contracts and actual costs. MES will have review and approval rights to all contracts relating to the Expansion Project.

The Development Fee will compensate CPM RE Ventures for the time, resources and overhead necessary to complete the scope of work as outlined below from start to completion of the Expansion Project. The scope of work to be completed by CPM RE Ventures as developer of the Expansion Project is as follows:

- 1) Manage the selection, bidding and negotiation of contracts with all outside contractors including but not limited to the architect, structural, mechanical and civil engineers, general contractor and all independent sub-contractors, field and geotechnical engineer, environmental firm, appraisal firm and inspection firms.
- 2) Oversee any changes or modifications to the existing building design, assist and attend all interior space planning and design meetings. Review and coordinate the finalization of all construction drawings and building specifications.

- 3) Assist in the investigation and integration into the building and site design of the applicable state criteria for "Green Globe Certification". Review and approval by MES of the "Green Globe Certification" requirements and their impact on project costs.
- 4) Oversee and manage the site planning process. Work with the civil engineer to ensure a cost-conscious approach to the site layout and design taking into consideration green space requirements, potential future expansion, parking requirements and site-specific considerations such as grading, earth balance, septic, well water and fire suppression.
- 5) Oversee the application and processing of all applicable county permits and other state and local requirements.
- 6) Manage the bid process to include general contractor for building and interior improvements. Provide and review with MES detailed cost analysis of all bids.
- 7) If necessary, package and arrange construction and permanent financing on behalf of the joint venture entity for the Expansion Project. If necessary, initially a new construction loan will be obtained to pay off the existing debt and to fund the construction of the Expansion Project. Upon substantial completion of the Expansion Project, a permanent loan will be placed to pay off the construction loan. CPM RE Ventures shall review and negotiate all loan documentation with MES. Coordinate all ancillary studies to include geotechnical, survey, environmental appraisal and title for lenders.
- 8) Oversee construction of all site and building improvements including interior improvements. Coordinate and oversee completion of punch-list items and any warranty issues before and after move-in.
- 9) Provide all construction administration, accounting and reporting for the Expansion Project including the processing of all construction draw requisitions and lien releases. Coordinate documentation and approval process with MES.

The scope of work by CPM RE Ventures as developer specifically excludes the following:

- 1) Coordination, contracting and payment of all vendors associated with telecommunications, cabling, networking or other connectivity needs.
- 2) Design services including interior design above and beyond baseline interior improvement specifications as outlined in architectural construction drawings.
- 3) Coordination, contracting and payment of all vendors and contractors associated with furniture, office supplies, computers or other office equipment.

- 4) Coordination, contracting and payment of vendors and contractors associated with any moves within the existing headquarters facility or to the Expansion Project.
- 5) Payment of any and all loan fees, costs of obtaining the loan(s), payment of any fees to third parties with regard to geotechnical, survey, environmental appraisal and title for such lender(s) and other soft or hard construction costs associated with the Expansion Project.
- 6) Future property management or property management accounting of the Combined Property on behalf of KC-MES J.V., LLC.

Development Fee

The Development Fee shall be equal to \$275,000 per year which shall be payable on a quarterly basis by KC-MES J.V., LLC in arrears on October 1st, January 1st, April 1st and July 1st (the "Development Fee"). The commencement of the Development Fee shall be upon the date of execution of this Letter of Understanding. Total compensation for the Expansion Project oversight and the services outlined in the Scope of Work herein shall be not less than \$825,000 even if the Expansion Project is completed prior to the end of three calendar years from the date of this Letter of Understanding unless the project is terminated by MES. The payment of the Development Fee shall be guaranteed by MES. Amounts that are not paid by KC-MES J.V., LLC or MES within fifteen (15) days from when due will incur a late fee of one and one-half percent (1.5%) per month or the maximum allowed by law, whichever is less. KC-MES J.V., LLC and MES shall pay any amounts incurred by CPM RE Ventures in the collection of past due amounts owed, including, but not limited to, reasonable attorneys' fees and costs.

Should delays caused by decisions not being made by MES on a timely basis that results in the Expansion Project exceeding the term of three years, the same annualized compensation for development services shall continue until the Expansion Project is completed. Written notice to MES shall be provided by CPM RE Ventures if decision delays are occurring that are impacting the timeline of the Expansion Project. Upon receipt of written notice of a delay, MES shall make commercially reasonable efforts to finalize any needed decision or action.

Neither Craig Morrell, CPM RE Ventures nor Craig Morrell's entity shall bear any costs or expenses whatsoever for the Expansion Project other than those contained within Craig Morrell's entity specific to overhead directly tied to his oversight and providing project specific construction administration and accounting per the Scope of Work as outlined. In addition, MES and KC-MES J.V., LLC shall indemnify Craig Morrell, CPM RE Ventures and Craig Morrell's entity against any claims or expenses by either party and any third party or outside vendor, contractor or supplier as part of the Expansion Project. Notwithstanding anything to the contrary contained herein, such indemnification provided for in the previous sentence shall survive any termination or expiration of this Letter of Understanding.

Termination of the Expansion Project by MES

MES shall have the right to terminate the Expansion Project at any time prior to commencement of construction. At least thirty (30) days prior written notice to CPM RE Ventures shall be required to terminate the Expansion Project. Upon termination of the Expansion Project, any payments made as part of the Development Fee shall be deemed earned by CPM RE Ventures. In addition, at the time of written termination, the full quarterly fee shall be payable as if the Expansion Project was not terminated until the end of the quarter. So long as all previous quarterly payments have been paid in full, then no additional payments other than the final quarterly payment due at the time of termination shall be due and payable to CPM RE Ventures. Upon termination of the Expansion Project, the provisions of the Operating Agreement shall require that KC-MES J.V., LLC acquire the 1% interest owned by Craig Morrell's entity. Upon completion of the re-acquisition by KC-MES J.V., LLC of the 1% interest and payment of any fees due to CPM RE Ventures, no further agreements shall be in place between the parties and any prior agreements shall be considered null and void with the exception of any surviving indemnity by MES and KC-MES J.V., LLC of Craig Morrell, CPM RE Ventures and Craig Morrell's entity. KC-MES J.V., LLC shall be solely responsible for any and all costs and expenses associated with the termination of the Expansion Project and/or outstanding invoices due and payable to any outside vendors and suppliers associated with the Expansion Project.

Termination of CPM RE Ventures

MES shall have the right to terminate CPM RE Ventures "for cause" during the tenure of the Expansion Project. Said termination of the Letter of Understanding shall be with written notice thirty (30) days prior to the termination date unless CPM RE Ventures is able to cure the "for cause" termination prior to said thirty (30) day period. The written notice shall provide detailed reasoning for the cause of the termination. Upon termination of the Letter of Understanding, any fees previously paid to CPM RE Ventures shall be deemed earned and the final payment upon termination shall be pro-rated from the termination date and the last quarterly payment made to CPM RE Ventures. Upon termination of the Letter of Understanding, the provisions of the Operating Agreement shall require that KC-MES J.V., LLC acquire the 1% interest owned by Craig Morrell's entity. Upon completion of the re-acquisition by KC-MES J.V., LLC of the 1% interest and payment of any fees due to CPM RE Ventures, no further agreements shall be in place between the parties and any prior agreements shall be considered null and void with the exception of any surviving indemnity by MES and KC-MES J.V., LLC of Craig Morrell, CPM RE Ventures and Craig Morrell's entity. KC-MES J.V., LLC shall be solely responsible for any and all costs and expenses associated with the termination of the Expansion Project and/or outstanding invoices due and payable to any outside vendors and suppliers associated with the Expansion Project.

Termination by CPM RE Ventures

CPM RE Ventures shall have the right to terminate his role in providing the development services as outlined in the Scope of Work during the tenure of the Expansion Project "for cause". The termination notice shall be provided by written notice not less than sixty (60) days prior to the termination date. Upon termination of the Letter of Understanding, any fees previously paid

to CPM RE Ventures shall be deemed earned and the final payment upon termination shall be pro-rated from the termination date and the last quarterly payment made to CPM RE Ventures. One example of a "for cause" reason shall be chronic delays in decisions required by MES to move the project forward in a commercially reasonable and timely manner. Upon termination, the provisions of the Operating Agreement shall require that KC-MES J.V., LLC acquire the 1% interest owned by Craig Morrell's entity. Upon completion of the re-acquisition by KC-MES J.V., LLC of the 1% interest and payment of any fees due to CPM RE Ventures, no further agreements shall be in place between the parties and any prior agreements shall be considered null and void with the exception of any surviving indemnity by MES and KC-MES J.V., LLC of Craig Morrell, CPM RE Ventures and Craig Morrell's entity. KC-MES J.V., LLC shall be solely responsible for any and all costs and expenses associated with the termination of the Expansion Project and/or outstanding invoices due and payable to any outside vendors and suppliers associated with the Expansion Project.

Additional Terms and Conditions

The final design of the site and building, to include all detailed specifications, is subject to the completion, review and approval by both MES and CPM RE Ventures of a complete set of civil, architectural, mechanical, electrical and structural drawings.

In addition, the commencement of Expansion Project is subject to an approved Development Proforma completed after preliminary bids for the project have been reviewed and approved by both MES and CPM RE Ventures. The contract with the General Contractor for construction of the Expansion Project will be a fixed price contract that will be reviewed and approved by MES.

If necessary, the joint venture entity will seek construction and permanent financing utilizing the credit strength of MES. The loan structure including terms and conditions of any construction or permanent financing is subject to the approval of MES.

Next Steps

In addition to all previous provisions of this Letter of Understanding, MES, KC-MES J.V., LLC and CPM RE Ventures agree to be bound to the following next steps:

- 1) Craig P. Morrell will form a new entity at his cost and expense that will be utilized as the joint venture partner in KC-MES J.V., LLC. This new entity formed by Craig Morrell will serve as the entity hired as the Developer of the Expansion Project.
- 2) KC-MES J.V., LLC will hire Brasher Architects per their July 10, 2019 proposal and Bay Engineering per their proposal dated July 16, 2019 as attached as Exhibit "A". KC-MES J.V., LLC will be responsible for making payments owed to Brasher Architects and Bay Engineering and other contractors or service providers as necessary per contracts to be reviewed and approved by MES. All invoices to be approved by MES prior to payment. This will allow the commencement of building design review, space planning and preliminary civil

engineering required for obtaining the preliminary construction bids for the Expansion Project.

- 3) CPM RE Ventures will oversee with outside legal counsel to be named in cooperation with Sean Coleman's office the following documents for MES to review:
 - a) Amendments to the existing Operating Agreements of KC-MES, J.V., LLC.
 - b) Revisions to the lease agreement between MES and KC-MES J.V., LLC.
 - c) Revisions to the existing ground lease agreement and a new ground lease agreement for the Bleemke Parcel.

Both parties agree to work in good faith to finalize and execute these agreements, and all other reasonably necessary instruments or agreements, subject to form as agreed by both MES and CPM RE Ventures based on the outlined terms and conditions contained within this Letter of Understanding.

- 4) The Development Fee as outlined herein shall commence being earned upon execution of this Letter of Understanding. If the Expansion Project is terminated at any time by MES, the termination provisions as outlined in this Letter of Understanding shall prevail.

Miscellaneous Provisions

- 1) Notices – Any notice from either party to the other shall be given by registered or certified mail, return receipt requested, to the addresses set forth on the first page of this Letter of Understanding and to the attention of the person(s) executing the same or as otherwise agreed.
- 2) Entirety of Agreement – With the exception of the future Amendment to the Operating Agreement for KC-MES J.V., LLC, this Letter of Understanding together with Exhibit "A" sets forth the entire agreement between CPM RE Ventures and MES and KC-MES J.V., LLC.
- 3) Choice of Law, Waiver of Jury Trial – This Letter of Understanding shall be governed and construed according to the laws of the State of Maryland. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION OR CAUSE OF ACTION BASED ON, OR ARISING OUT OF, OR RELATING TO THIS LETTER OF UNDERSTANDING.
- 4) No Waiver – No waiver of any provision of, or a default under, this Letter of Understanding shall affect the right of MES and KC-MES J.V., LLC or CPM RE Ventures thereafter to enforce said provision or to exercise any right or remedy in the event of any other default, whether or not similar.

- 5) Independent Contractor – CPM RE Ventures is and shall remain an independent contractor and shall have no power, and shall not represent that CPM RE Ventures has any power, to bind MES or KC-MES J.V., LLC as MES or KC-MES J.V., LLC's agent or in any other capacity. CPM RE Ventures recognizes that it is engaged as an independent contractor. Nothing contained in this Letter of Understanding shall be deemed to obligate Craig Morrell or CPM RE Ventures to advance any funds to or for the benefit of MES or KC-MES J.V., LLC nor to subject Craig Morrell or CPM RE Ventures to any financial obligation in connection with the Expansion Project.
- 6) Severability – In case any provision hereof shall for any reason be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision, and this Letter of Understanding shall be construed as if such invalid or unenforceable provision had not been included herein.
- 7) Interpretation - The parties acknowledge and agree that each of them have participated in the drafting of this Letter of Understanding and that this Letter of Understanding has been reviewed by the respective legal counsel for such parties. Therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be applied to the interpretation of this Letter of Understanding. No inference in favor of, or against, any party shall be drawn from the fact that one party has drafted any portion of this Letter of Understanding. The section headings are for convenience only and not to be used in interpreting this Letter of Understanding.
- 8) Counterparts - This Letter of Understanding may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- 9) Enforceability – The undersigned individuals signing this Letter of Understanding on behalf of MES and KC-MES J.V., LLC have the authority and permission to bind MES and KC-MES J.V., LLC thereto.

I look forward to working with MES on this exciting project!

Sincerely,
CPM RE Ventures, LLC

By: Craig Morrell
Craig Morrell

AGREED AND ACCEPTED THIS 1ST DAY OF AUGUST 2019.

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

Witness/Attest [Signature]

By: [Signature] (Seal)
Ms. Beth Wojton, Deputy Director

KC-MES J.V., LLC

Ann Bittles
Witness/Attest

By: *Beth Wojton* (Seal)
Ms. Beth Wojton, Authorized Signatory

CPM RE VENTURES, LLC

May Carol Morrell
Witness/Attest

By: *Craig Morrell* (Seal)
Craig Morrell, Authorized Signatory

Maryland Environmental Service
August 1, 2019
Page 10 of 9

EXHIBIT "A"

BRASHER DESIGN & BAY ENGINEERING PROPOSALS

ASSIGNMENT OF MEMBERSHIP INTERESTS

THIS ASSIGNMENT OF MEMBERSHIP INTERESTS (this "Assignment") is made as of this [] day of [] 2019 (the "Effective Date"), by and between Maryland Environmental Service, an agency and instrumentality of the State of Maryland (the "Assignor"), and CPM Project Management, LLC, a Maryland limited liability company (the "Assignee").

WITNESSETH:

WHEREAS, Assignor is the owner of one hundred percent (100%) of the membership interests (the "Interests") in KC-MES J.V., LLC, a Maryland limited liability company (the "Company");

WHEREAS, Assignor and Assignee have entered into a Membership Interests Purchase Agreement dated as of the Effective Date (the "Agreement"; capitalized terms used but not defined in this Assignment shall have the meaning given in the Agreement) for Assignee to purchase the Interests, and capitalized terms used by not defined herein shall have the meaning given in the Agreement; and

WHEREAS, Assignor desires by this Assignment to assign to the Assignee one percent (1%) of the Interests, and Assignee desires by this Assignment to accept the same.

ASSIGNMENT

NOW, THEREFORE, FOR AND IN CONSIDERATION of One Hundred Dollars (\$100.00) and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, and the above recitals, made a substantive part hereof, the parties agree as follows:

1. Assignor hereby sells, transfers and assigns unto Assignee one percent (1%) of the Interests, provided however that Assignee shall not be entitled to any of the profits, losses or distributions attributable to said one percent (1%) of the Interests and Assignor shall be solely entitled to one hundred percent (100%) of all profits, losses and distributions.

2. Effective immediately prior to this Assignment, Assignor represents and warrants to Assignee with respect to Assignor, the Company and the Interests as follows:

a. Assignor is conveying the Interests to Assignee.

b. As of the Effective Date, all of the warranties and representations of Assignor and the Company set forth in the Agreement are true and correct, and all covenants and agreements set forth in the Agreement to be performed by Assignor as of the Effective Date have been satisfied.

c. Assignor has delivered those items Assignor is obligated to deliver to Assignee pursuant to the Agreement.

d. Assignor: (a) has the full power and authority to enter into and perform and comply with the terms of this Assignment, and (b) has power and authority to own the Interests. This Assignment has been duly executed and delivered by Assignor and constitutes its legal, valid and binding obligation enforceable against Assignor in accordance with its terms, except as the same may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws currently or hereinafter in effect that affect the enforcement of creditors' rights generally and (ii) general principles of equity.

e. No unpaid taxes, fees or assessments of any kind or nature whatsoever with respect to the Interests are presently delinquent.

f. Assignor hereby conveys good, clear and marketable title of one percent (1%) of the Interests to Assignee, free and clear of all liens, claims, charges, options, undisclosed liabilities, rights of first refusal, rights of first offer, encumbrances or similar matters of any kind whatsoever. No other party has any legal or equitable right, title or interest in the Interests.

g. No bankruptcy, insolvency, rearrangement or similar action involving any of the Company, Assignor or the Interests or otherwise, whether voluntary or involuntary, is pending or threatened against any of the Company, the Assignor or the Interests, and the Company and Assignor have never:

i. Filed a voluntary petition in bankruptcy.

ii. Been adjudicated a bankruptcy or insolvent or filed a petition or action seeking any reorganization, arrangement, recapitalization, readjustment, liquidation, dissolution or similar relief under any Federal bankruptcy act or any other laws.

iii. Sought or acquiesced in the appointment of any trustee, receiver or liquidator of all or any substantial part of its properties, the Interests or any portion thereof.

iv. Made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts generally as the same become due.

v. Neither Assignor nor Company is anticipating or contemplating any of the actions set forth in (i) through (iv) of this Subsection.

h. The Assignor is not in default with respect to Assignor's obligations under the Operating Agreement of the Company.

i. The Company is not in default under the Charter Documents.

3. Notwithstanding anything to the contrary contained in the Agreement or the Charter Documents, Assignee shall not be liable for any obligations of the Company of any nature whatsoever to the extent such obligations and liabilities, contingent or otherwise (whether to third parties or to persons who are members of the Company or to such persons' respective affiliates), arise out of or relate to the ownership or operation of the Company or its assets, or the ownership of the Interests whether before or after the Effective Date unless the same is a direct result of any negligence, gross negligence or intentional misconduct by the Assignee.

4. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement. In addition, this Assignment may be executed through the use of counterpart signature pages. The signature of any party on any counterpart assignment or counterpart signature page shall be deemed to be a signature to, and may be appended to, one document. Facsimile signatures are valid to bind the parties to this Assignment, provided each signatory shall deliver to all parties to this Assignment a counterpart of this Assignment, as originally executed by such signatory, promptly thereafter.

5. Assignor and Assignee will execute and deliver such further instruments as may be reasonably required to reflect the membership interests assigned to Assignee on the date hereof.

6. This Assignment shall be construed and enforced in accordance with the laws of the State of Maryland, without regard to principles of conflicts of laws.

7. Pronouns, wherever used herein, and of whatever gender, shall include natural persons, and corporations and associations of every kind and character, and the singular shall include the plural wherever and as often as may be appropriate.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Assignment under seal, with the intention of making it a sealed instrument, on the date first above written.

ASSIGNOR:

ASSIGNEE:

**Maryland Environmental Service,
an agency and instrumentality of the State of
Maryland**

**CPM Project Management, LLC,
a Maryland limited liability company**

By: _____ (SEAL)
Name: _____
Title: _____

By: _____ (SEAL)
Craig P. Morrell, Manager