MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION NO. 20-07-1R

A RESOLUTION AUTHORIZING

the issuance, sale and delivery by the Maryland Environmental Service (the "**Service**") of its Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "**Series 2020 Bonds**") in an aggregate principal amount not to exceed $12,000,000, the proceeds of which will be used to (i) refund the outstanding principal balance of the Service's $18,275,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2011 (the "**Series 2011 Bonds**"), (ii) fund certain reserves, if any and (iii) to pay for certain costs of issuance of the Series 2020 Bonds (collectively, the "**Refunding Project**"); approving the execution and delivery of a Third Supplemental Indenture of Trust (the "**Third Supplemental Indenture of Trust**") between the Service and The Bank of New York Mellon, as trustee (the "**Trustee**"), relating to and securing the Series 2020 Bonds; providing for the Series 2020 Bonds to be obligations of the Service payable from amounts received pursuant to the Service Agreements (defined below), from such other revenues as may be received by the Service in connection with the operation of the Mid-Shore II Regional Landfill, and from the proceeds of future bonds, notes or other obligations of the Service; authorizing the sale of the Series 2020 Bonds by competitive bidding; authorizing the Director, the Treasurer and other officers of the Service to award the sale of the Series 2020 Bonds to the successful bidder submitting a proper bid; authorizing the Director, the Treasurer and other officers of the Service to execute the Third Supplemental Indenture of Trust, to execute a Continuing Disclosure Agreement in compliance with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended (the "**Rule**"), to execute any documents necessary to insure compliance by the Service with the provisions of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "**Code**") applicable to the Series 2020 Bonds and to execute such other documents or certificates as may be necessary in connection with the issuance, sale and delivery of the Series 2020 Bonds; and providing generally for other matters necessary for the issuance, sale and delivery of the Series 2020 Bonds.

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, 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 or 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 the Federal or any State government, or any unit, instrumentality, or municipality thereof, or 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 the County Council of Talbot County, Maryland (collectively, the "Mid-Shore Counties"), the Service agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of the landfill known as the "Mid-Shore II Regional Landfill Project" located near Ridgely, Caroline County, Maryland. In furtherance of the Mid-Shore II Regional Landfill 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 Mid-Shore II Regional Landfill Project, and will pay a supplemental fee in the event that the total costs of the Mid-Shore II Regional Landfill Project exceed the revenues.

On February 16, 2011, the Service issued the Series 2011 Bonds in order to finance the cost of the acquisition, design, construction and equipping of the first cell (Cell Number 4) at the Mid-Shore II Regional Landfill. The Series 2011 Bonds were issued and are outstanding under and pursuant to an Indenture of Trust, dated as of February 1, 2011 (the "**Original Indenture**"), by and between the Service and the Trustee.

On May 22, 2014, the Service issued its $4,500,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014 (the "**Series 2014 Bonds**") in order to finance the cost of the acquisition, design, construction and equipping of the second cell (Cell Number 2) at the Mid-Shore II Regional Landfill. The Series 2014 Bonds were issued pursuant to the Supplemental Indenture of Trust, dated as of May 1, 2014 (the "**First Supplemental Indenture**"), by and between the Service and the Trustee.

On August 8, 2018, the Service issued its $8,915,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018 (the "**Series 2018 Bonds**") in order to finance the cost of the acquisition, design, construction and equipping of the third cell (Cell Number 3) at the Mid-Shore II Regional Landfill. The Series 2018 Bonds were issued pursuant to the Second Supplemental Indenture of Trust, dated as of August 1, 2018 (the "**Second Supplemental Indenture**" and, together with the Original Indenture and the First Supplemental Indenture, the "**Existing Indenture**"), by and between the Service and the Trustee.

The Service has determined to issue its Series 2020 Bonds in accordance with the terms of this Resolution for the purposes stated herein. The Series 2020 Bonds will be issued and secured under and pursuant to the Existing Indenture and the Third Supplemental Indenture of Trust (collectively, the "**Indenture**") and will be payable from the revenues received under the Service Agreements and from the operation of the Mid-Shore II Regional Landfill, and from the proceeds of future bonds, notes or other obligations of the Service.

The Service considers the refunding of the Series 2011 Bonds 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 Act and the Recitals to this Resolution.

2. The issuance, sale and delivery of the Series 2020 Bonds in a principal amount not to exceed $12,000,000, to be designated "Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020" 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 costs of the Refunding Project, as provided in the Act and the Indenture.

3. The Series 2020 Bonds shall be sold to the successful bidder submitting a proper bid in response to the Official Notice of Sale (the "**Notice of Sale**") on the terms and conditions set forth in the Notice of Sale included in the draft Preliminary Official Statement (the "**Preliminary Official Statement**") presented to the Board of Directors of the Service (the "**Board**") at this meeting. Such form of the Notice of Sale shall be, and hereby is directed to be, filed among the permanent records of the Service. Notwithstanding the foregoing, the Service may engage an underwriter and the Series 2020 Bonds may be sold on a negotiated basis as determined by the Director or the Treasurer in consultation with PFM Financial Advisors LLC, financial advisor to the Service, without further action from the Board.

4. The total principal amount of the Series 2020 Bonds shall not exceed $12,000,000. The true interest cost for the Series 2020 Bonds calculated as provided in the Notice of Sale shall not exceed six percent (6%) and the refunding of the Series 2011 Bonds

shall provide a net present value savings of at least three percent (3%). The final maturity date of the Series 2020 Bonds shall not be more than fifteen (15) years from the date of the issuance of the Series 2020 Bonds. The Director or the Treasurer shall, subject to the limitations set forth in this paragraph, award the sale of the Series 2020 Bonds to the successful bidder(s) therefor, fix the principal amount of the Series 2020 Bonds, the interest rate or rates for the Series 2020 Bonds, and the principal payment schedule for the Series 2020 Bonds, and the Director or the Treasurer shall include such terms in the Series 2020 Bonds.

5. In the event that the aggregate principal amount of the Series 2020 Bonds to be issued is $10,000,000 or less, the Service hereby authorizes the Series 2020 Bonds to be designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code. In connection with any such designation, the Service shall certify at the time the Series 2020 Bonds are issued that (a) the Series 2020 Bonds are not private activity bonds for purpose of Section 265(b)(3)(B)(i)(II) of the Code, (b) the Service, including all subordinate entities of the Service, has not issued and will not issue more than $10,000,000 (or any other amount as may then be applicable) of tax-exempt obligations during any calendar year in which any series of the Series 2020 Bonds designated as qualified tax-exempt obligations may be issued, and (c) the Service, including all subordinate entities of the Service, has not and will not designate more than $10,000,000 (or any other amount as may then be applicable) of obligations as qualified tax-exempt obligations during the calendar year in which the Series 2020 Bonds are issued. In the event the Service authorizes and elects to issue additional tax-exempt obligations in excess of $10,000,000 during the calendar year in which the Series 2020 Bonds are issued, the Service is hereby authorized to amend and reissue the Series 2020 Bonds and remove the designation as qualified tax-exempt obligations, retroactive to the initial date the Series 2020 Bonds were issued.

6. The Series 2020 Bonds shall be issued under, secured in accordance with, and have the terms set forth in the Indenture. Such final form of the Third Supplemental Indenture of Trust shall be, and hereby is directed to be filed among the permanent records of the Service. The Series 2020 Bonds shall be, and hereby are directed to be, executed and delivered to the Trustee substantially in the form of the Series 2020 Bonds appended to the Third Supplemental Indenture of Trust with such changes, omissions, insertions and revisions as shall be deemed desirable by the Director or the Treasurer; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution. Upon delivery of the Series 2020 Bonds and request by the Service, the Trustee shall authenticate such Series 2020 Bonds and deliver the same to the purchaser(s) (the "**Purchaser**") thereof.

7. The Third Supplemental Indenture of Trust (including, without limitation, the form of the Series 2020 Bonds appended thereto) shall be, and hereby is, adopted and approved, and the Director and the Treasurer of the Service shall be, and hereby are, each authorized to execute and deliver such Third Supplemental Indenture of Trust with such changes, omissions, insertions, and revisions as shall be deemed advisable by the Director or the Treasurer; provided, however, that such changes, omissions, insertions and revisions shall not alter the substance of the transaction authorized and approved by this Resolution.

8. In order to provide for the refunding of the Series 2011 Bonds, a portion of the proceeds of the Series 2020 Bonds will be deposited by the Service with an escrow deposit agent (the "**Escrow Deposit Agent**") in a trust fund (the "**Escrow Deposit Fund**") to be established under an Escrow Deposit Agreement entered into between the Service and the Escrow Deposit Agent (the "**Escrow Deposit Agreement**") for investment to pay the principal or redemption price of and the interest on the Series 2011 Bonds. The Bank of New York Mellon is hereby appointed to act as the Escrow Deposit Agent and the Director, the Deputy Director and the Treasurer are each hereby authorized to negotiate such terms of the Escrow Deposit Agreement with the Escrow Deposit Agent as he or she determines are in the best interests of the Service, subject to any limitations set forth in the Act, this Resolution, or the Indenture.

9. The Preliminary Official Statement in substantially the form presented to this meeting is hereby approved with such changes, omissions, insertions, and revisions as the Director or the Treasurer may deem desirable in connection with the issuance and sale of the Series 2020 Bonds. The Official Statement in substantially the form of the Preliminary Official Statement presented to the Board at this meeting, is hereby approved, with such changes, omissions, insertions, and revisions as the Director or the Treasurer may deem desirable in connection with the issuance and sale of the Series 2020 Bonds, and the Director and the Treasurer of the Service shall be, and hereby are, each authorized to execute and deliver such Official Statement in connection with the issuance and sale of the Series 2020 Bonds and to execute any documents and to take any and all other actions necessary to consent to the inclusion of the information and certify the accuracy thereof, included in such Preliminary Official Statement and Official Statement.

10. It is hereby authorized that the total purchase price for the Series 2020 Bonds shall be paid to the Director or the Treasurer, as agent of the Service for the purpose of receiving the purchase price and delivering the Series 2020 Bonds to the successful Purchaser. Immediately upon receipt thereof, the purchase price shall be deposited with the Trustee in the proper accounts as provided in the Indenture.

11. The Director, the Deputy Director, the Treasurer 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 and certificates as the Director or the Treasurer shall deem desirable to effect the completion of the issuance, sale, and delivery of the Series 2020 Bonds and the other matters contemplated by this Resolution and the Indenture, including but not limited to, the Escrow Deposit Agreement, and executing and delivering a Continuing Disclosure Agreement to comply with the Rule and executing and delivering any and all documents necessary to insure compliance by the Service with the provisions of the Code relating to the Series 2020 Bonds and the excludability of interest on the Series 2020 Bonds from gross income of the owners thereof for purposes of Federal income taxation.

12. The Director, the Deputy Director, the Treasurer and the other officers of the Service may make such covenants or agreements in connection with the issuance of the Series 2020 Bonds as they shall deem advisable in order to assure the registered owner or owners of the Series 2020 Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the Service so long as the observance by the Service of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on the Series 2020 Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Service regarding compliance with the provisions of the Internal Revenue Code as the Director or the Treasurer shall deem advisable in order to assure the registered owner or owners of the Series 2020 Bonds that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the use and investment of proceeds of the Series 2020 Bonds, the payment of certain earnings (if any) resulting from such investment to the United States, limitations on the times within which and the purposes for which proceeds of the Series 2020 Bonds may be expended, the use of specified procedures for accounting for and segregating proceeds of the Series 2020 Bonds, the operation and use of any project being financed with the proceeds of any Series 2020 Bonds or other series of bonds, and retention of records relating to the foregoing matters and the Series 2020 Bonds. Such covenants and agreements may be set forth in a tax certificate or other agreement.

13. The Bank of New York Mellon is hereby confirmed as Trustee for the Series 2020 Bonds under the Indenture.

14. The execution by the Director, the Deputy Director, the Treasurer or other officers of the Service of any document authorized herein to be executed by the Director, the Treasurer or other officers 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.

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

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ADOPTED THIS _____ DAY OF JULY 2020.

[SEAL]

MARYLAND ENVIRONMENTAL SERVICE

BY: _____
Dr. Charles Glass, Ph.D., Director

BY: _____
Michael C. Harris, Treasurer

BY: _____
Richard P. Street, Jr., V.M.D., Secretary

Attest: _____

11362180

THIS PRELIMINARY OFFICIAL STATEMENT HAS NOT BEEN FINALLY ADOPTED AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION AND AMENDMENT. The Series 2020 Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2020 Bonds will be made available concurrently with the sale of the Series 2020 Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE -- Book-Entry Only

Rating:
[Standard & Poor's: ___]

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, and the interest on the Series 2020 Bonds is not subject to the federal alternative minimum tax. By the terms of the authorizing legislation, the Series 2020 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, at all times shall be exempt from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind, except that no opinion is expressed with respect to estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2020 Bonds, their transfer or the income therefrom. As described herein under "THE BONDS - Tax Matters," the exclusion from gross income for federal income tax purposes of interest received on the Series 2020 Bonds assumes the accuracy of representations and continuing compliance with certain covenants and with the Internal Revenue Code of 1986, as amended. See "THE BONDS - Tax Matters" herein.

[$9,335,000*]

MARYLAND ENVIRONMENTAL SERVICE

REFUNDING REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2020

Dated:	Date of delivery
Due:	November 1, as shown below
Interest Payable:	May 1 and November 1 until maturity
Denomination:	$5,000 and integral multiples thereof
Form:	Registered, book-entry only through the facilities of The Depository Trust Company
First Interest Payment Due:	[November 1, 2020]
Optional and Mandatory Redemption:	Series 2020 Bonds maturing on or after [November 1, 2029]* are subject to redemption prior to maturity without premium* and the Series 2020 Bonds are subject to mandatory redemption as set forth in "THE BONDS – Redemption Provisions" herein.
Security:	The Series 2020 Bonds are special obligations of the Maryland Environmental Service (the "Service") to be paid from the Trust Estate, including the Revenues (both as defined in the Indenture), pledged by the Service under the Indenture. See "THE BONDS – Security and Sources of Payment for the Bonds" herein. *Neither the State of Maryland, nor any political subdivision thereof nor the Service is obligated to pay the Series 2020 Bonds or the interest thereon except from the Trust Estate, and neither the general credit nor the taxing power of the State of Maryland or any political subdivision thereof or of the Service, is pledged to the payment of the principal of, redemption price or interest on the Series 2020 Bonds. The Service has no taxing power.*
Purpose:	The proceeds of the Series 2020 Bonds will be used to (i) refund the Service's outstanding $18,275,000 Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Series 2011 Bonds"), (ii) fund certain reserves, if any, and (iii) to pay for certain costs of issuance of the Series 2020 Bonds.
Trustee, Paying Agent and Registrar:	The Bank of New York Mellon, Woodland Park, NJ

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Maturing November 1	Principal Amount*	Interest Rate	Price Or Yield	CUSIP	Maturing November 1	Principal Amount*	Interest Rate	Price Or Yield	CUSIP
2021	$				2026	$			
2022					2027				
2023					2028				
2024					2029				
2025					2030				

The cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2020 Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland, Bond Counsel, and the opinion of the Office of the Attorney General of the State of Maryland. It is expected that the Series 2020 Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about _____, 2020.

_____
**Preliminary, subject to change*

BOARD OF DIRECTORS

Dr. Charles Glass, Ph.D., Acting Director*
VACANT, Deputy Director**
Michael C. Harris, Treasurer
Richard P. Streett, Jr., V.M.D., Secretary
William B.C. Addison, Jr.
Leslie Jackson Jenkins, Esq., CPM
Joseph F. Snee, Jr., Esq.
John P. Smith, Jr.
Morgan G. Hall, Jr.

BOND COUNSEL
Whiteford, Taylor & Preston L.L.P.
Baltimore, Maryland

TRUSTEE
The Bank of New York Mellon
Woodland Park, New Jersey

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Philadelphia, Pennsylvania

* Dr. Glass was appointed to the position of Director of the Service by the Governor of the State of Maryland on June 22 2020. Dr. Glass will serve in an acting capacity until his appointment is confirmed by the Maryland Senate.

** [The prior Deputy Director retired effective June 30, 2020. A replacement Deputy Director has not been appointed.]

No dealer, broker, salesman or other person has been authorized by the Maryland Environmental Service (the "Service") to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Service. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared by the Service and the Service is responsible for its accuracy and completeness. Certain information set forth herein has been obtained by the Service from the Mid-Shore Counties (as defined herein), The Depository Trust Company and other sources that are believed to be reliable; this information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Service. All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for a full and complete statement of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2020 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Service or the Mid-Shore Counties or in the matters described herein since the date hereof.

All information for investors regarding the Service and the Series 2020 Bonds is contained in this Official Statement. The Service maintains an Internet website for various purposes. None of the information on this website, or any other website referenced herein, is intended to assist investors in making any investment decision with respect to the Series 2020 Bonds or any other bonds or obligations of the Service. Such references to web site addresses presented herein are for informational purposes only.

This Official Statement is not to be construed as a contract or agreement between the Service and the purchasers or holders of any of the Series 2020 Bonds.

In making an investment decision, investors must rely on their own examination of the Service and the terms of the offering, including the merits and risks involved. The Series 2020 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. No registration statement relating to the Series 2020 Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") or with any state security agency. The Series 2020 Bonds have not been approved or disapproved by the SEC or any state securities agency nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

CUSIP (Committee on Uniform Securities Identification Procedures) data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association (the "ABA") S&P Capital IQ. "CUSIP" is a registered trademark of the ABA. CUSIP numbers on the cover of this Official Statement are included solely for the convenience of the holders of the Series 2020 Bonds. Neither the Service nor the successful bidder takes any responsibility for the accuracy of CUSIP information. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2020 Bonds in certain circumstances. The Service has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth herein. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services' information.

The order and placement of materials in this Official Statement, including the appendices hereto and the information incorporated herein by reference, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices and the information incorporated herein by reference, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or

intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2020 Bonds is made only by means of this entire Official Statement.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Service specifically disclaims any obligation to update any forward-looking statements to reflect actual occurrences or unanticipated events or circumstances after the date of this Official Statement, except as otherwise expressly provided in "MISCELLANEOUS – Continuing Disclosure Undertaking" herein.

The Trustee has neither reviewed, nor participated in the preparation of, this Official Statement.

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Summary of Offering

Issuer

Maryland Environmental Service (the "Service" or "MES").

Bonds

Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2020 in the aggregate principal amount of [$9,335,000]* (the "Series 2020 Bonds").

Interest Payment Dates

November 1, 2020, and semiannually thereafter on May 1 and November 1 until final maturity.

Redemption of Series 2020 Bonds

The Series 2020 Bonds maturing on or before [November 1, 2028]* are not subject to optional redemption prior to maturity. The Series 2020 Bonds maturing on or after [November 1, 2029]* are subject to redemption on or after [November 1, 2028]*, in whole at any time or in part on any date in any order of maturity, at the option of the Service, at a redemption price of 100%* of the principal amount of the Series 2020 Bonds to be redeemed, together with interest accrued to the date fixed for redemption. Additionally, the Series 2020 Bonds are subject to extraordinary optional and mandatory redemption as described in "THE BONDS – Redemption Provisions" herein.

Security and Sources of Payment for the Series 2020 Bonds

The Series 2020 Bonds are special obligations of the Service to be paid from the Trust Estate (as defined herein) pledged by the Service under the Indenture (as defined herein).

Neither the State of Maryland, nor any political subdivision thereof nor the Service is obligated to pay the Series 2020 Bonds or the interest thereon except from the Trust Estate, and neither the faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof or of the Service, is pledged to the payment of the principal or redemption price of or interest on the Series 2020 Bonds. The Service has no taxing power.

Proceeds of the Series 2020 Bonds

The proceeds of the Series 2020 Bonds will be used to (i) refund the Service's outstanding $18,275,000 Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Series 2011 Bonds"), (ii) fund certain reserves, if any, and (iii) to pay for certain costs of issuance of the Series 2020 Bonds.

COVID-19

[PLACEHOLDER FOR BRIEF INTRO. WTP/PFM PREPARING.] See "MID-SHORE II LANDFILL – COVID-19" below for a further discussion.

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** Preliminary, subject to change.*

Federal and Maryland Income Tax Exemptions

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, and the interest on the Series 2020 Bonds is not subject to the federal alternative minimum tax. By the terms of the authorizing legislation, the Series 2020 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, at all times shall be exempt from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind, except that no opinion is expressed with respect to estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2020 Bonds, their transfer or the income therefrom. As described herein under "The Bonds - Tax Matters," the exclusion from gross income for federal income tax purposes of interest received on the Series 2020 Bonds assumes the accuracy of representations and continuing compliance with certain covenants and with the Internal Revenue Code of 1986, as amended. See "THE BONDS - Tax Matters" herein.

Payment Records of the Service and Mid-Shore Counties

Neither the Service nor the Mid-Shore Counties have defaulted on the payment of the principal of or interest on any of their bonds or notes.

THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

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I. THE BONDS

Introduction

This Official Statement, including the cover page and appendices, sets forth certain information for use in connection with the sale by Maryland Environmental Service (the "Service") of [$9,335,000]* Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "Series 2020 Bonds"). The issuance, sale and delivery of the Series 2020 Bonds are authorized by the Indenture of Trust dated as of February 1, 2011, as supplemented by that Supplemental Indenture of Trust dated as of May 1, 2014, as further supplemented by that Second Supplemental Indenture of Trust dated as of August 1, 2018, and as further supplemented by that Third Supplemental Indenture of Trust dated as of _____, 2020 (together, the "Indenture"), each between the Service and The Bank of New York Mellon, as trustee, paying agent and registrar (the "Trustee").

The Service is authorized to issue the Series 2020 Bonds by the Maryland Environmental Service Act, codified as Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act"), and a resolution adopted by the Service on July ___, 2020. The Series 2020 Bonds and any Additional Bonds issued pursuant to the Indenture are herein referred to as the "Bonds".

Brief descriptions of the Service Agreements (as defined herein) and the Indenture appear in Appendix C and Appendix D, respectively, to this Official Statement. The summaries of and references to all documents, statutes, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each summary and reference is qualified in its entirety by reference to each document, statute, or instrument. For the definition of certain words and terms used elsewhere in this Official Statement (including the appendices hereto), see Appendix C and Appendix D. A form of the Continuing Disclosure Agreement for the Service and a form of the Continuing Disclosure Agreement for the Mid-Shore Counties are included in Appendix E and Appendix F, respectively.

General

The Series 2020 Bonds will be dated as of their date of delivery, will bear interest from the date of delivery, at the rates set forth on the cover page of this Official Statement, payable on [November 1, 20__], and semiannually thereafter on each May 1 and November 1 until maturity and, subject to the redemption provisions set forth below, will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2020 Bonds will be issued only as fully registered bonds in denominations of $5,000 and integral multiples thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Series 2020 Bonds will be made so long as DTC or its nominee is the registered owner of the Series 2020 Bonds. See "Book-Entry Only System."

Outstanding Bonds

The Service has previously issued the $18,275,000 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2011 (the "Series 2011 Bonds"), the $4,500,000 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014 (the "Series 2014 Bonds") and the $8,915,000 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018 (the "Series 2018 Bonds"). The Series 2011 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds and any additional series of bonds issued under the Indenture, are referred to herein collectively as the "Bonds"). The outstanding principal balance of the Series 2011 Bonds is $12,055,000, the Series

* *Preliminary, subject to change.*

2014 Bonds is $2,940,279, and the Series 2018 Bonds is $7,850,000, respectively. The Series 2011 Bonds will be refunded [in full] by the Series 2020 Bonds. **The Series 2020 Bonds and the other outstanding Bonds, together with any additional bonds issued under the Indenture, are equally and ratably secured by the Indenture.**

The Service has also previously issued its $2,000,000 Water Quality Bond, Series 2011A (the "Series 2011A Bonds") and $1,500,000 Water Quality Bond, Series 2011B (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "2011 MWQFA Bonds"). The 2011 MWQFA Bonds were issued in connection with a loan from the Maryland Water Quality Financing Administration (the "MWQFA"). Under the Service Agreements, Landfill Revenues (as defined herein) also may be applied to pay debt service on loans to the Service from the MWQFA. The proceeds of the 2011 MWQFA Bonds were applied to pay the closure costs of a landfill located in Caroline County, Maryland and known as the Hobbs Road Landfill (the "Hobbs Road Landfill"). The 2011 MWQFA Bonds were not issued under the Indenture and constitute a separate payment obligation of the Service to the MWQFA, which payments are made from Revenues so long as all payments are current under the Indenture, and are not obligations issued on parity with, and are subordinate to, the Bonds. Pursuant to the terms of the Series 2011B Bonds, the MWQFA will forgive repayment of principal and interest so long as the Service performs all of its obligations under that certain Loan Agreement dated as of April 15, 2011, between the Service and the MWQFA. The MWQFA has not demanded payment of the Series 2011B Bonds. Presuming the Service will perform all such obligations, the MWQFA will not make such a demand and the outstanding balance of the Series 2011B Bonds will be deemed forgiven on April 15, 2021. The outstanding principal balance of the Series 2011A Bonds is $1,086,730.

Mid-Shore II Regional Landfill Participants

The Service entered into separate Waste Disposal Service Agreements in 2009 (the "Service Agreements") with 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"), pursuant to which each of the Mid-Shore Counties has agreed to deliver all of its Acceptable Waste (as defined in the Service Agreements) for disposal at the Mid-Shore II Landfill, in each year throughout the term of the Series 2020 Bonds and to pay certain disposal fees. The Service Agreements executed by each Mid-Shore County contain substantially similar terms and conditions. Each Mid-Shore County will pay the Service a per-ton disposal fee (the "Tipping Fee") for Acceptable Waste deliveries to the Mid-Shore II Landfill by the Mid-Shore County. The Service will also charge a Tipping Fee for disposal of Acceptable Waste deliveries to the Mid-Shore II Landfill by persons other than the Mid-Shore Counties. If in any year the (i) Tipping Fees charged to all users of the Mid-Shore II Landfill, (ii) other operating revenues of the Mid-Shore II Landfill, including, but not limited to, charges for services or use of property or equipment, proceeds from the sale of recovered materials and revenues from gas, steam, or electricity, and (iii) interest earnings on money held by the Service in the Special Purpose Fund (as defined in the Service Agreements and in the Indenture), but (iv) excluding certain amounts as described in the Service Agreements (the "Landfill Revenues"), are insufficient to pay the Total Costs, defined in the Service Agreements and including but not limited to the costs of financing and operating the Mid-Shore II Landfill, then each County will pay the Service a fee (the "Supplemental Fee") equal to its share based on its population compared to the population of all Mid-Shore Counties (the "Proportionate Share") of such deficiency. See "Appendix C – Summary of Certain Provisions of the Service Agreements and Service Agreement Definitions."

The individual Mid-Shore counties previously managed their recyclable materials through the Mid-Shore Regional Recycling Program (MRRP). Since July 1, 2012, in accordance with an Agreement for Recycling Management Services by and between the Service and each of the Mid-Shore Counties, the Service has been responsible for the collection, removal, consolidation, transportation and marketing of recyclable commodities throughout the Mid-Shore Counties, primarily via a voluntary drop-off program. Recycling containers are located at various locations throughout the Mid-Shore Counties, and citizens make their own arrangement to dispose of recyclable material in these containers. The Service's recycling activities are supported by a recycling surcharge added to the Tipping Fee. This surcharge is currently $5.00 per ton of incoming solid waste and was adopted by the Service at the request of the Mid-Shore Counties in 1991. This surcharge as well as all revenues derived from the

marketing of recyclable commodities is utilized by the Service to provide recycling management services. In the event that the Landfill Revenues are insufficient to cover Total Costs, at the discretion of the Service, the recycling surcharge may be used by the Service to cover these costs. For additional information regarding recycling see "MID-SHORE II LANDFILL – Recycling" herein.

Rate Covenant

The Service shall fix, charge and collect Tipping Fees in each Fiscal Year which, together with other Landfill Revenues plus Supplemental Fees for such Fiscal Year, shall be at least equal to Total Costs (as defined in the Service Agreements) for such Fiscal Year.

Plan of Financing

As set forth in "Estimated Sources and Uses of Funds," the proceeds of the Series 2020 Bonds will be used to (i) refund the outstanding Series 2011 Bonds, (ii) fund certain reserves, if any and (iii) to pay for certain costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are secured by the Revenues pledged by the Service under the Indenture and the moneys in the funds and accounts maintained by the Trustee under the Indenture for the Series 2020 Bonds (other than the Rebate Fund) (collectively, the "Trust Estate"). See "Security and Sources of Payment for the Series 2020 Bonds" herein.

Estimated Sources and Uses of Funds

The estimated uses of the Series 2020 Bonds are as follows:

Sources of Funds:	
Par Amount of Series 2020 Bonds	
[Net Original Issue Premium/Discount]	
Total Sources of Funds	
Uses of Funds:	
Refunding Escrow Deposit	
Cost of Issuance (1)	
Total Uses of Funds	

(1) Estimate of the Service, including Underwriters' discount, administrative fees and expenses, legal, financing, credit rating and miscellaneous expenses.

[Deposits to Escrow Deposit Fund

On the date of issuance and delivery of the Series 2020 Bonds, (i) portions of the proceeds of the Series 2020 Bonds and (ii) certain funds currently on deposit with the Trustee will be deposited by the Service with The Bank of New York Mellon (the "Escrow Deposit Agent") in a trust fund (the "Escrow Deposit Fund") to be established under an Escrow Deposit Agreement entered into between the Service and the Escrow Deposit Agent (the "Escrow Deposit Agreement") for investment to pay the principal or redemption price of and the interest on the Series 2011 Bonds. The Escrow Deposit Agent will apply all or part of the funds so deposited in the Escrow Deposit Fund to purchase direct obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America (the "Government Obligations").

The Government Obligations on deposit in the Escrow Deposit Fund will mature in stated fixed amounts as to principal and interest at such times as will, together with the funds deposited with the Trustee and other cash on hand, be sufficient, without reinvestment, (a) to pay the interest on the Series 2011 Bonds until the specified maturity or optional redemption dates and (b) to pay at maturity or redeem the Series 2011 Bonds on their respective maturity or optional redemption dates in the principal amounts or at the redemption prices set forth herein. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. The Government Obligations and cash, if any, on deposit in the Escrow Deposit Fund will be used for the payment of the principal of and redemption premium (if any) and interest on the Series 2011 Bonds being refinanced, and are not available for the payment of principal of, redemption premium, if any, or interest on any other obligations of the Service, including, without limitation, the Series 2020 Bonds.]

Redemption Provisions

Optional Redemption

The Series 2020 Bonds maturing on or after [November 1, 2029]* are subject to optional redemption in whole, or in part, prior to maturity beginning on [November 1, 2028]*, at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2020 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption. The Series 2020 Bonds maturing prior to [November 1, 2028]* are not subject to optional redemption.

Extraordinary Mandatory Redemption

The Series 2020 Bonds are subject to redemption prior to maturity, as a whole at any time or in part on any interest payment date, at a Redemption Price equal to the principal amount of such Series 2020 Bonds redeemed, plus accrued and unpaid interest to the date fixed for redemption, in an amount equal to the amount of the net proceeds of casualty insurance and liability insurance with respect to the 2011 Project (as defined herein) and net proceeds of all or any part of the 2011 Project which is taken in the exercise of the power of eminent domain, or through the exercise of any right or obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Service and any such public authority, that are deposited and held in the Insurance and Condemnation Award Fund and that are not applied to the repair or replacement of the lost, damaged, destroyed or taken property in accordance with the terms of the Indenture.

Extraordinary Optional Redemption

The Series 2020 Bonds are subject to redemption as a whole at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the date fixed for redemption, at the option of the Service upon the occurrence of any of the following events: (i) the 2011 Project or the Service's interest therein shall have been lost, damaged or destroyed to such an extent that, in the opinion of the Service (A) the 2011 Project cannot be reasonably restored within a period of 12 months to the condition thereof immediately preceding such loss, damage or destruction, or (B) the Service is thereby prevented from carrying on its normal operation of the 2011 Project for a period in excess of 12 months from the date of damage or destruction; or (ii) taking or condemnation of the title to, or the temporary use of, all or substantially all of the 2011 Project by a competent authority or loss of use or possession of all or substantially all of the 2011 Project, which taking, condemnation or loss results, or is likely to result, in the Service's being prevented or likely to be prevented from carrying on its normal operation of the 2011 Project for a period in excess of 12 months from the date of any such event; or (iii) as a result of changes in Applicable Law (defined in the Indenture), (A) the Indenture or the Service Agreements shall become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties

** Preliminary, subject to change.*

as expressed therein, or (B) unreasonable burdens or excessive liabilities are imposed upon the Service by reason of the operation of the 2011 Project, or (C) the Service is no longer able to operate the 2011 Project; (iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the 2011 Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 2011 Project uneconomic or unsuitable for the purposes specified in the Service Agreements for a period in excess of 12 months from the date of such changes; or (v) a final decree or judgment of any federal court or any determination, decision or decree by the Internal Revenue Service shall have been entered, which decree, judgment, determination or decision is not subject to further appeal and determines that interest paid or payable on any tax-exempt Bond is not or was not excludable from the gross income of the Holder thereof for federal income tax purposes other than with respect to any period during which such Holder was a "substantial user" of the 2011 Project or a "related person" (as such terms are used in Section 147(a) of the Internal Revenue Code).

Selection of Bonds to Be Redeemed

If fewer than all of the Series 2020 Bonds shall be called for redemption, the particular maturities of the Series 2020 Bonds to be redeemed shall be selected by the Service. If fewer than all of the Series 2020 Bonds of any one maturity shall be called for redemption, the particular Series 2020 Bonds or portions of Series 2020 Bonds to be redeemed from such maturity shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine. Money available for the redemption of Parity Bonds (as defined herein) shall be allocated to the Series 2020 Bonds and any Additional Bonds Outstanding under the Indenture in the manner provided in the Indenture.

In case part but not all of an Outstanding Series 2020 Bond shall be selected for redemption, upon the presentation and surrender of such Series 2020 Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Series 2020 Bond, the Service shall execute and the Trustee shall authenticate and deliver to or upon the order of the Holder of such Series 2020 Bond or the Holder's attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Series 2020 Bond so surrendered, a Series 2020 Bond or Series 2020 Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any denomination authorized by the Indenture, in aggregate principal amount equal to the unredeemed portion of such Bond.

If a conditional notice of redemption has been provided pursuant to the terms of the Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in the Indenture and if either there were no conditions to such redemption or the conditions have been satisfied and money for the redemption is being held by the Trustee for that purpose, thereupon the Series 2020 Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Series 2020 Bonds shall thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof.

Notice of Redemption

The Service shall give written notice to the Trustee of its election to redeem Series 2020 Bonds pursuant to the Third Supplemental Indenture at least 60 days prior to the redemption date of such Series 2020 Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, the Trustee shall transmit to the Holders such notice of the Service's election to redeem such Series 2020 Bonds.

Notice of any redemption shall be mailed at least 30 days before the redemption date to the Registered Owners of the Series 2020 Bonds to be redeemed, but failure so to mail any such notice to any of such Registered Owners shall not affect the validity of the proceedings for the redemption of any other Series 2020 Bonds. As provided in the Third Supplemental Indenture, the Trustee may provide a conditional notice of redemption or may withdraw such notice at any time, upon the direction of the Service.

Each notice of redemption of Series 2020 Bonds shall be given in accordance with the terms of the Series 2020 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2020 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2020 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2020 Bonds of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers distinctive numbers and letters, if any, of the Series 2020 Bonds to be redeemed, (vi) in the case of Series 2020 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vii) that on the redemption date there shall become due and payable upon all Series 2020 Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue, (viii) the possibility of a purchase of Series 2020 Bonds in lieu of redemption, if applicable, (ix) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled redemption date, as and if applicable, including the deposit of funds with the Trustee, and (x) any other descriptive information needed to identify accurately the Series 2020 Bonds being redeemed. If any Series 2020 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2020 Bond shall state also that on or after the redemption date, upon surrender of such Series 2020 Bond to the Trustee at its designated corporate trust office, a new Series 2020 Bond or Series 2020 Bonds of the same Series of Bonds and maturity, bearing interest at the same rate, and of any denomination authorized by the Third Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2020 Bond. Each notice of redemption with respect to any Series 2020 Bond shall comply with any regulation or release of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Series 2020 Bond.

If notice of redemption shall have been given as so provided, then on or prior to the redemption date the Service shall pay to the Trustee from the Revenues an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all of the Series 2020 Bonds the Service has so elected to redeem.

Failure to give notice by mailing to the Holder of any Series 2020 Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series 2020 Bond if notice of such redemption shall have been mailed as so provided.

Security and Sources of Payment for the Bonds

General

The Series 2020 Bonds are special obligations of the Service to be paid from the Trust Estate, including the Revenues, pledged by the Service under the Indenture.

Neither the State of Maryland, nor any political subdivision thereof nor the Service is obligated to pay the Series 2020 Bonds or the interest thereon except from the Trust Estate, and neither the faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof or of the Service, is pledged to the payment of the principal or redemption price of or interest on the Series 2020 Bonds. The Service has no taxing power.

Pledge of Revenues

As defined in the Indenture, the Revenues pledged to the repayment of the Series 2020 Bonds include (i) any earnings on funds and accounts held by the Trustee under the Indenture (except the Rebate Fund), (ii) any Supplemental Fees (hereinafter defined), (iii) Landfill Revenues, which are defined in the Service Agreements, as including, for any Fiscal Year, the aggregate amount of any revenues, fees and income received by the Service in connection with the operation of the Mid-Shore II Landfill and the provision of solid waste disposal services to the

Mid-Shore Counties under the Service Agreements, including, without limitation (a) revenues from Tipping Fees charged to all users of the Mid-Shore II Landfill, (b) other operating revenues of the Mid-Shore II Landfill, including, but not limited to, charges for services or use of property or equipment, proceeds from the sale of recovered materials and revenues from gas, steam, or electricity, and (c) interest earnings on moneys held by the Service in the Special Purpose Fund, but not including interest earnings on certain accounts or reserves created under Section 5.9 of the Service Agreements; provided, however, that Landfill Revenues do not include (x) the Supplemental Fees, (y) gifts, grants, bequests, contributions or donations to the Service which constitute non-operating revenue of the Service or (z) any balance in the Special Purpose Fund on the first day of a Fiscal Year carried over from any previous Fiscal Year, and (iv) any moneys received from the State from the Comptroller of Maryland pursuant to Section 3-108(b) of the Act.

The pledge made by the Indenture and the covenants and agreements contained in the Indenture to be performed by or on behalf of the Service are, by their terms, for the equal and ratable benefit, protection and security of the Holders of the Series 2020 Bonds and any Additional Bonds. See "Security and Sources of Payment for the Bonds – Additional Bonds" herein.

State Intercept Provision

Section 3-108(b) of the Act provides that if a Mid-Shore County fails to pay the Service for projects or services provided pursuant to the Act within 60 days of the due date, as established by contract, all State funds, or that portion of them required, relating to the income tax, the tax on racing, the recordation tax, the tax on amusements and the license tax which would otherwise be distributed to such Mid-Shore County by the Comptroller of Maryland shall be paid directly to the Service until the amount paid to the Service is equal to the amount due to the Service by such Mid-Shore County. To date, no Mid-Shore County has defaulted in the payment of moneys owed to the Service under the Service Agreements. Accordingly, the Service has never received payments from the Comptroller of Maryland in accordance with the provisions of Section 3-108(b) of the Act and has not attempted to invoke such provisions of the Act.

Additional Bonds

The Indenture provides that each series of Additional Bonds shall be on parity with, and shall be entitled to the same benefit and security of the Indenture (including, without limitation, the pledge of the Revenues) as the Series 2020 Bonds and any other Series of Additional Bonds that may be issued from time to time, except as may be otherwise provided in any Supplemental Indenture. The Indenture permits the issuance of Additional Bonds for any one or more of the following purposes: (i) to refund or advance refund any Outstanding Bonds; (ii) to obtain funds to pay the Cost of Additional Facilities required in order to restore, maintain, improve or increase the disposal capacity of the Mid-Shore II Landfill or to otherwise permit the Service to meet its waste disposal obligations under the Service Agreements, including (without limitation) the acquisition or construction of Alternative Sites, (iii) to obtain funds to pay the cost of completing the Mid-Shore II Landfill or any Additional Facilities, (iv) to obtain funds to pay the costs incurred in connection with the issuance and sale of any Bonds, or (v) to obtain funds to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction and (if deemed advisable by the Service) for a limited period after the completion of the Mid-Shore II Landfill or any Additional Facilities, as the case may be. See "DEBT AND CAPITAL REQUIREMENTS – Future Financing Plans."

See "Summary of Certain Provisions of the Indenture – Additional Bonds" in Appendix D for a further description of the purposes for and the conditions under which Additional Bonds may be issued.

Subordinate Obligations

In addition to any Additional Bonds secured on parity with the Series 2020 Bonds as described above (the "Parity Bonds"), the Service may issue from time to time other indebtedness as a Subordinate Obligation for any purpose for which Additional Bonds may be issued under the Indenture. Each Subordinate Obligation shall be issued pursuant to a Supplemental Indenture, which shall specify the interest rate or rates, maturity, redemption

provisions, form, registration provisions and all other details of such Subordinate Obligation. The Service may pledge the Revenues to the payment of any Subordinate Obligations, but such pledge shall be junior and subordinate to the pledge of the Revenues to secure Bonds.

See "Summary of Certain Provisions of the Indenture – Subordinate Obligations" in Appendix D for a further description of the conditions under which Subordinate Obligations may be issued.

No Debt Service Reserve Fund

The Series 2020 Bonds will not be secured by a debt service reserve fund.

Service Agreements

General

Each Mid-Shore County has entered into a Service Agreement with the Service which, subject to certain rights of termination described below, has a term at least equal to the last maturity of the Series 2020 Bonds. The Service Agreements provide that the Mid-Shore Counties will pay the Service a Tipping Fee for the acceptance and disposal of each ton of Acceptable Waste and a Supplemental Fee to the extent that in any year Total Costs exceed Landfill Revenues. The Mid-Shore Counties have a contractual obligation enforceable by the Service for the benefit of Bondholders. See "Summary of Certain Provisions of the Service Agreements – Tipping Fees, and Supplemental Fee; Quarterly Estimated Payments" in Appendix C.

Obligation of the Mid-Shore Counties to Pay Tipping Fees and Supplemental Fees

The Mid-Shore Counties have agreed to pay a Tipping Fee for each ton of Acceptable Waste delivered to the Service by or for the account of the Mid-Shore Counties. The Tipping Fee may be adjusted by the Service. In each fiscal year under the Service Agreement (a "Fiscal Year"), the Service shall set a Tipping Fee which together with the Supplemental Fee and other Landfill Revenues shall be at least equal to Total Costs (as hereinafter described) for such Fiscal Year. Total Costs include (without limitation) debt service payments with respect to the Series 2020 Bonds, Additional Bonds, if any, and other debt of the Service payable from Revenues (including the MWQFA Loans, to the extent they remain outstanding); aggregate costs of operating and maintaining the Mid-Shore II Landfill and any Alternative Sites used by the Service for the purpose of providing solid waste disposal services under the Service Agreements; costs of disposal of waste other than Acceptable Waste; costs of labor; and amounts to provide for certain costs incurred if the Mid-Shore II Landfill is closed. Total Costs does not include the Service's operation of the Talbot Transfer Station (defined below). See "Summary of Certain Provisions of the Service Agreements – Definitions" in Appendix C.

The Mid-Shore Counties have also agreed in each Fiscal Year to pay a Supplemental Fee which is equal to the amount by which Total Costs exceed Landfill Revenues in such Fiscal Year. Each Mid-Shore County shall make a quarterly estimated payment of its Proportionate Share (based on such Mid-Shore County's population compared to the population of all Mid-Shore Counties) of the Supplemental Fee, determined in accordance with a formula described in the Service Agreement.

Under the terms of the Service Agreements, the Mid-Shore Counties have each agreed to include in their annual budget for each Fiscal Year during the term of the Service Agreements, the amounts sufficient to meet all of their obligations under the Service Agreements or to take such other action as necessary to ensure the availability of such funds. The failure by any respective Mid-Shore County to take any action to assure the availability of sufficient funds shall not excuse or limit such Mid-Shore County's obligations under the Service Agreement, including without limitation its obligation to pay the Tipping Fee and the Supplemental Fee, whether or not any estimates of Total Costs, Landfill Revenues, Tipping Fees or the Mid-Shore County's Proportionate Share of the Supplemental Fee or other amounts payable under the Service Agreements prove to be inaccurate. See "Summary of Certain Provisions

of the Service Agreements – Estimates of Tipping Fee and Supplemental Fees; County Budgeting Obligations" in Appendix C.

Pursuant to Section 3-108(b) of the Act, and the State Intercept Memorandum of Understanding dated as of December 7, 2010, by and between the Service, the State of Maryland and the Comptroller of the State of Maryland, if a Mid-Shore County fails to pay the Service for projects or services provided pursuant to the Act within 60 days of the due date, as established by contract, all State funds, or that portion of them required, relating to the income tax, the tax on racing, the recordation tax, the tax on amusements and the license tax which would otherwise be distributed to such Mid-Shore County by the Comptroller of Maryland shall be paid directly to the Service until the amount paid to the Service is equal to the amount due to the Service by such Mid-Shore County. See "Security and Sources of Payment for the Bonds – State Intercept Provision" herein.

The obligation of each Mid-Shore County to make payments to the Service under its Service Agreement is not a general obligation of such Mid-Shore County and does not constitute an indebtedness of such Mid-Shore County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing power of such Mid-Shore County.

See "Appendix A – Certain Information Concerning the County Commissioners of Caroline County, Maryland, the County Commissioners of Kent County, Maryland, the County Commissioners of Queen Anne's County, Maryland, and Talbot County, Maryland.

Quantity of Acceptable Waste

The Service Agreements provide that the Service may also accept waste at the Mid-Shore II Landfill from individuals and commercial users located within the Mid-Shore Counties, provided that Tipping Fees are charged for the disposal of such waste and acceptance of such waste does not impair the obligations of the Service to the Mid-Shore Counties under the Service Agreements. In addition, the Service may accept Acceptable Waste generated outside of the Mid-Shore Counties, provided that either (i) the Mid-Shore Counties have given their consent, or (ii) a Mid-Shore County is in default under its Service Agreement. Prior to accepting any waste generated or collected outside of the Mid-Shore Counties in connection with a default by any of the Mid-Shore Counties under a Service Agreement which can be cured, the Service shall provide the Mid-Shore Counties not in default, if any, with notice of such default. See "Summary of Certain Provisions of the Service Agreements -- Other Contracts for Waste Delivery" in Appendix C.

The Service has agreed to accept and, to the extent permitted by law, each Mid-Shore County has agreed to deliver all Acceptable Waste generated within each Mid-Shore County except for Acceptable Waste to be recycled. For additional information regarding recycling see "MID-SHORE II LANDFILL – Recycling" herein. The Service may refuse delivery of any waste other than Acceptable Waste. The failure of any Mid-Shore County to deliver such Acceptable Waste does not constitute a breach of, or Event of Default under, its respective Service Agreement so long as such Mid-Shore County continues to pay its Proportionate Share of the Supplemental Fee. Since March, 1991, quantities of Acceptable Waste have been delivered and Tipping Fees have been collected providing sufficient revenues to pay all Total Costs, including debt service.

If the Mid-Shore II Landfill is not capable of accepting the waste delivered to it, the Service may direct that it be delivered to an alternate disposal site designated by the Service. Use by the Service of an alternative disposal site does not constitute or give rise to a breach of a Service Agreement or an Event of Default under a Service Agreement.

Full commercial operations of the Mid-Shore II Landfill began January 3, 2011 and in accordance with the Service Agreements, each Mid-Shore County was advised of the commencement of same on or about December 15, 2010.

Termination of the Service Agreements

The persistent or repeated failure by the Service to substantially fulfill its material obligations under a Service Agreement shall constitute an event of default on the part of the Service thereunder, unless such failure or refusal shall be excused or justified, provided however, that no such failure or refusal shall constitute an event of default unless and until (i) all of the Mid-Shore Counties have given written notice to the Service of the material breach and (ii) the Service has not cured such default or initiated reasonable steps to do so. Upon occurrence of subsections (i) and (ii) herein, the Mid-Shore Counties would have the right to terminate its respective Service Agreement upon written notice to the Service. Upon such termination of the Service Agreements by the Mid-Shore Counties, the Service would no longer be obligated to accept waste from the Mid-Shore Counties and the Mid-Shore Counties would no longer be obligated to pay the Tipping Fee, Supplemental Fee or any other fee in connection with the Service Agreements. See "Summary of Certain Provisions of the Service Agreements – Termination on Default" in Appendix C.

Each Mid-Shore County also has the option to terminate its Service Agreement at any time, provided that, among other conditions, the other Mid-Shore Counties agree to such termination and the other Mid-Shore Counties terminate their Service Agreements. If a County exercises this option to terminate under its Service Agreement, the Mid-Shore Counties must purchase and take title to and liability for the Mid-Shore II Landfill and any Alternative Sites. The amount which the Mid-Shore Counties must pay for the purchase is determined by a formula set forth in the Service Agreements, but in no event shall the purchase price be less than the greater of (i) the fair market value of the Mid-Shore II Landfill and the Alternative Sites, if any, and (ii) the amounts of money necessary to defease or retire and redeem any outstanding indebtedness issued for the purposes of the Mid-Shore II Landfill and any Alternative Sites. The Mid-Shore Counties must also pay to the Service certain amounts in connection with the Service's obligations under the Service Agreements and the termination thereof. See "Summary of Certain Provisions of the Service Agreements -- Option to Terminate at any Time" and "Summary of Certain Provisions of the Service Agreements – Amounts Due Upon Termination of Agreement" in Appendix C.

The Service shall have the right to terminate a Service Agreement with any Mid-Shore County upon the occurrence of an event of default by such Mid-Shore County thereunder. Upon such termination, the Service would no longer be obligated to accept waste from such Mid-Shore County and such Mid-Shore County would no longer be obligated to pay the Tipping Fee, Supplemental Fee or any other fee thereafter accruing in connection with the Service Agreement. See "Summary of Certain Provisions of the Service Agreements – Events of Default by the Service" in Appendix C.

Operating Fund

Pursuant to the Indenture, the Service has agreed to hold in its operating funds an amount equal to the Operating Reserve Requirement (the "Operating Fund"). **The Operating Fund is not held by the Trustee and any moneys on deposit therein are not included in the Trust Estate for the Series 2020 Bonds.** The Indenture provides that the Operating Reserve Requirement be equal to one-sixth of the estimated annual operating expenses of the Service in connection with the Mid-Shore II Landfill for such Fiscal Year as determined by the Service. The balance of the Operating Fund for [fiscal year 2020] is in excess of $_____.

The Service shall withdraw amounts from the Operating Fund on any date (i) to pay any operating expenses of the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (ii) to pay the costs of normal equipment additions to the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (iii) to pay the costs of acquisition of capital improvements to the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (iv) to pay the costs of extraordinary maintenance and repair of the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, and (v) for any other purpose relating to the provision of waste disposal services under the Service Agreements. For record-keeping purposes, the Service shall provide the Trustee with a certificate executed by an Authorized Officer of the Service setting forth in sufficient detail the purpose for and the amount of such disbursement and stating that moneys held by the Service on such date and available for such purpose are not sufficient for such purpose.

The Service, in its sole discretion, shall determine the value of the assets of the Operating Fund on a quarterly basis on July 2, October 2, January 2 and April 2 as of the close of business (i) on such Business Days in each year for the previous Fiscal Year and (ii) on the date of any withdrawal from the Operating Fund. If a deficiency exists, the Service shall commence deposits to the Operating Fund on the last Business Day of each month until the Service determines that a deficiency no longer exists in the Operating Fund but in any event such deficiency shall be cured by the Service no later than two (2) years from the date the deficiency was first determined. An Authorized Officer of the Service shall promptly provide written notice to the Trustee and any Credit Facility Provider (i) of the existence of any deficiency determined to exist in the Operating Fund and (ii) of the date on which the Operating Fund has been funded in the amount of the Operating Reserve Requirement. See "Summary of Certain Provisions of the Indenture – Application of Moneys in the Operating Fund" in Appendix D.

Service Agreement Flow of Funds

The operation of the Mid-Shore II Landfill generates Landfill Revenues (as defined in the Service Agreements) primarily through the collection of Tipping Fees from persons disposing of Acceptable Waste. The Tipping Fees are charged on a per ton basis. The current Tipping Fee at the Mid-Shore II Landfill is $67 per ton for solid waste and $42 per ton for yard waste. MES applies the Tipping Fee to any loads greater than 200 pounds. Persons disposing of loads of less than 200 pounds are charged a minimum flat fee of $8.00. Brush and yard waste may be disposed at a Tipping Fee of $42 per ton, with a minimum flat fee of $8.00. Persons disposing tires are charged the normal Tipping Fee plus a surcharge that is based on the size of each tire.

The Service establishes the weight of each load by weighing incoming vehicles to obtain the gross weight of the vehicles which includes the waste it is carrying. The weighing function is performed on scales manufactured by Mettler Toledo and Cardinal. The weight data is automatically entered in a computerized data system that utilizes Paradigm software. The tare weights of certain trucks that regularly access the Mid-Shore II Landfill are stored in the data system, so the Service does not weigh those vehicles when they exit the Mid-Shore II Landfill after tipping their waste. All other vehicles must be weighed by the Service as they exit, so that the Service can establish the tare weight of the empty vehicle. The difference between the gross weight and the tare weight is the amount of waste disposed in the Mid-Shore II Landfill, and the Hauler (as defined in the Service Agreements) is charged the Tipping Fee based on that weight.

Certain Haulers have entered into written agreements with the Service to dispose of waste at the Mid-Shore II Landfill. The agreements allow the Service to adjust the tipping fees upon thirty days' notice to the Haulers. For those Haulers who have been granted credit privileges by the Service, the Service will invoice the Hauler twice a month for Tipping Fees incurred by the Hauler. Payment is due to the Service within fifteen days. Late charges are assessed at the annual rate of 12% percent, and failure to pay invoices can result in disposal privileges being revoked. Persons who do not have a written agreement with the Service must pay the Tipping Fee in cash, check or credit card at the Landfill scale house.

All payments received at the Mid-Shore II Landfill are deposited daily in a local bank account owned by the Service. Balances in the local bank account are then swept or transferred daily into the Service's regular bank account and credited to the Mid-Shore Landfill Special Purpose Fund (the "Special Purpose Fund"). Payments received at the Service's headquarters from haulers who are invoiced are deposited daily into the Service's regular bank account and credited to the Special Purpose Fund. All other funds received by the Service that constitute Landfill Revenues are likewise credited to the Special Purpose Fund. Landfill Revenues are used to pay the Total Costs of the Landfill. See "FINANCIAL INFORMATION – Mid-Shore Regional Landfill Private Purpose Trust Fund" herein.

Interest earnings on money held by the Service in the Special Purpose Fund are included in Landfill Revenues; however, Landfill Revenues do not include any balance in the Special Purpose Fund on the first day of a Fiscal Year carried over from any previous Fiscal Year.

The Special Purpose Fund is not held by the Trustee and any moneys on deposit therein are not included in the Trust Estate for the Series 2020 Bonds.

Pursuant to Sections 5.4 and 5.10 of the Service Agreements, if Total Costs exceed Landfill Revenues during a Fiscal Year, each Mid-Shore County must pay its Proportionate Share of the Supplemental Fee. The Supplemental Fee is the amount by which Total Costs exceed Landfill Revenues. Each Mid-Shore County's Proportionate Share of the Supplemental Fee shall be payable in four estimated quarterly payments. The Service shall provide each Mid-Shore County financial statements within 120 days after the last day of each Fiscal Year. At that time, the Service and each Mid-Shore County will make necessary adjustments to account for any deficiency or excess payments of the Supplemental Fee.

Any amounts payable by any of the Mid-Shore Counties to the Service which are not paid when due bear interest at the annual rate of 12%. The obligations of the Mid-Shore Counties to make any payments to the Service under the Service Agreements are not subject to diminution by reason of any set-off, abatement, counterclaim, existence of a dispute or any other reasons. In the event a Mid-Shore County fails to pay any amounts due the Service under its Service Agreement within 60 days of the date such amount is due, then pursuant to Section 3-108(b) of the Act, the Service may direct the Comptroller of Maryland to pay directly to the Service all State funds, or that portion of them required by the Service relating to the income tax, the tax on racing, the recordation tax, the tax on amusements and the license tax until the amount due the Service by the Mid-Shore County has been paid. See “Security and Sources of Payment for the Bonds – State Intercept Provision” herein.

Book-Entry System

General

The following information regarding DTC and DTC’s book-entry only system (“Book-Entry-Only System”) of registration has been obtained from sources that the Service believes to be reliable, but the Service takes no responsibility for the accuracy or completeness thereof. Furthermore, nothing in this section shall be construed as a representation of the Service.

Beneficial ownership interests in the Series 2020 Bonds will be available in book-entry-only form through DTC, in authorized denominations. Purchasers of beneficial ownership interests in the Series 2020 Bonds will not receive certificates representing their interests in the Series 2020 Bonds purchased.

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each maturity of the Series 2020 Bonds bearing the same interest rate, each in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement

of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry-only system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Service as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and principal and interest payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Service or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's

records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent or the Service, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Service, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Service or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

The Service may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bond certificates will be printed and delivered to DTC.

Book-Entry Only System — Miscellaneous

The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The Service takes no responsibility for the accuracy or completeness thereof. The Service will have no responsibility or obligations to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The Service cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued, the Series 2020 Bonds in fully certificated form will be issued as fully registered Series 2020 Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Such Series 2020 Bonds will be transferable only upon the registration books kept at the principal office of the Registrar and Paying Agent, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Registrar and Paying Agent, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the Service shall cause to be issued in the name of the transferee a new registered Series 2020 Bond or Series 2020 Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new Series 2020 Bond or Series 2020 Bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Registrar and Paying Agent. The Service may deem and treat the person in whose name a Series 2020 Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Series 2020 Bonds may be transferred or exchanged at the principal office of the Registrar and Paying Agent. Upon any such transfer or exchange, the Service shall execute and the Registrar and Paying Agent shall authenticate and deliver a new registered Series 2020 Bond or Series 2020 Bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Series 2020 Bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Registrar and Paying Agent may require payment by any holder of Series 2020 Bonds requesting exchange or transfer of Series 2020 Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Series 2020 Bonds for such exchange or transfer.

The Registrar and Paying Agent shall not be required to transfer or exchange any Series 2020 Bond after the mailing of notice calling such Series 2020 Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Series 2020 Bond in excess of $5,000 which is not being called for redemption.

NEITHER THE SERVICE NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO 1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; 2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2020 BONDS; 3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; 4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR 5) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Tax Matters

Federal Law

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020 Bonds is excludible from gross income for federal income tax purposes, assuming the accuracy of representations and certifications and continuing compliance with certain covenants in the Tax Regulatory Agreement and No Arbitrage Certificate to be executed and delivered by the Service on the date of delivery of the Series 2020 Bonds (the "Tax Certificate"), which are designed to meet the requirements (to the extent applicable to the Series 2020 Bonds) of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder or applicable thereto, except as described below. Interest on the Series 2020 Bonds is not subject to the federal alternative minimum tax. Interest on the Series 2020 Bonds may be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

Under the Code, the Series 2020 Bonds are subject to certain requirements which must be met subsequent to the issuance and delivery of the Series 2020 Bonds for interest thereon to be and remain excludable from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Series 2020 Bonds to become subject to federal income taxes retroactively to their date of issuance and adversely affect the price of the Series 2020 Bonds in the secondary market. In order to comply with the requirements of Section 103 and Sections 141 through 150 of the Code as applicable to the Series 2020 Bonds, the Service has entered into the Tax Certificate, which provides, among other things, that the Service will not (a) take any action, (b) fail to take any action, or (c) make any use of the proceeds of the Series 2020 Bonds, and includes representations and certifications of the Service that it has not taken any action, failed to take any action or made use of the proceeds of any previously issued Bonds, which would cause the interest on the Series 2020 Bonds to be or become includible in the gross income of the owners of the Series 2020 Bonds for federal income tax purposes. In particular, the Tax Certificate provides that the Service will not make any use of the proceeds of the Series 2020 Bonds or any moneys, securities or other obligations on deposit to the credit of the Service or otherwise that may be deemed by the Internal Revenue Service to be proceeds of the Series 2020 Bonds that would cause any of the Series 2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

In addition, Section 148 of the Code sets forth, as a condition to exclusion of interest from gross income for federal income tax purposes on governmental obligations, such as the Series 2020 Bonds, certain restrictions regarding the investment of the "gross proceeds" of such obligations. These "arbitrage" provisions set forth limitations on the yield of investments acquired with "gross proceeds" of the Series 2020 Bonds, and also provide for periodic rebate of specified portions of the arbitrage profit derived from such investments. Failure to comply

with such requirements at any time could retroactively affect the exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds.

In the event of the inaccuracy of representations or certifications or noncompliance with the covenants and agreements contained in the Tax Certificate, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent the interest on the Series 2020 Bonds from becoming includible in the gross income of the Registered Owners of such Series 2020 Bonds for federal income tax purposes.

Bond Counsel will assume no responsibility for, and will not monitor, compliance with the covenants and agreements set forth in the Tax Certificate. However, the Service will certify that it will monitor compliance with the covenants and agreements in the Tax Certificate in connection with its post issuance tax compliance obligations.

As to questions of fact material to Bond Counsel's opinion, without undertaking to verify the same by independent investigation, Bond Counsel will rely upon the certified proceedings and other certifications of public officials furnished to Bond Counsel, and certifications by the officers and other representatives of the Service (including certifications as to the use of the proceeds of the Series 2020 Bonds).

Although Bond Counsel will render an opinion that interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2020 Bonds may otherwise affect the federal tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel will not express any opinion regarding any such consequences. Purchasers of the Series 2020 Bonds, particularly purchasers that are corporations (including S corporations having subchapter C earnings and profits), certain high income individuals and specified trusts and estates (with respect to the Medicare income tax computation), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or carried indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 2020 Bonds.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of Series 2020 Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the Series 2020 Bonds.

From time to time, there are Presidential proposals, proposals of various federal committees and legislative proposals in the Congress (including currently proposed tax reform legislation) and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2020 Bonds or otherwise prevent holders of the Series 2020 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2020 Bonds. Further, such proposals may impact the marketability or market value of the Series 2020 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2020 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved or whether the Series 2020 Bonds would be impacted thereby.

Purchasers of the Series 2020 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

[Original Issue Premium

Certain of the Series 2020 Bonds will be reoffered at prices in excess of the principal amount thereof. Under the Code, the difference between the principal amount of a Series 2020 Bond and the cost basis of such Series 2020 Bond to an owner thereof is "bond premium." Under the Code, bond premium is amortized over the term of a Series 2020 (i.e., the maturity date of a Series 2020 Bond or its earlier call date) for federal income tax purposes. An owner of a Series 2020 Bond is required to decrease his or her basis in such Series 2020 Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Series 2020 Bond. The amount of the amortizable bond premium attributed to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Series 2020 Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Owners of Series 2020 Bonds (including purchasers of Series 2020 Bonds in the secondary market) should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Series 2020 Bonds and with respect to the state and local consequences of owning and disposing of Series 2020 Bonds.]

[Tax Treatment of Original Issue Discount

The initial public offering prices of certain maturities of the Series 2020 Bonds are less than the amounts payable on such Series 2020 Bonds at maturity. The difference between the initial public offering prices at which a substantial amount of the Series 2020 Bonds of each maturity were sold and the amount payable at maturity constitutes original issue discount ("OID"). In the case of an original purchaser of a Series 2020 Bond, the amount of the OID that is treated as having accrued with respect to such Series 2020 Bond is added to the cost basis of such purchaser in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Purchasers of Series 2020 Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of OID accrued upon the sale or redemption of such Series 2020 Bonds and with respect to any state or local tax consequences of owning such Series 2020 Bonds.]

Tax Enforcement

The Internal Revenue Service (the "IRS") has an on-going program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurance can be given as to whether or not the IRS will commence an audit of the Series 2020 Bonds. If an audit is commenced, under current procedures, the IRS will treat the Service as the taxpayer and the Bondholders may have no right to participate in any such proceeding. The opinion of Bond Counsel as to the excludability from gross income of the interest on the Series 2020 Bonds for federal income tax purposes is not binding on the IRS or the courts. Neither the Service nor Bond Counsel is responsible for paying or reimbursing the costs of any Bondholder with respect to any audit or litigation relating to the Series 2020 Bonds, including the payment to the IRS of any settlement amount.

State and Local Tax Exemption

In the opinion of Bond Counsel, by the terms of the authorizing legislation, the Series 2020 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, at all times shall be exempt from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind, except that no opinion is expressed as to such exemption from estate or inheritance taxes, or any other taxes not levied directly on the principal of and interest on the Series 2020 Bonds, their transfer or the income derived therefrom.

Interest on the Series 2020 Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. All purchasers of the Series 2020 Bonds should consult their tax advisors regarding the taxable status of the Series 2020 Bonds in a particular state or local jurisdiction other than the State of Maryland.

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II. MARYLAND ENVIRONMENTAL SERVICE

The Service

Enabling Legislation

The Service is a body politic and corporate of the State of Maryland constituting a public instrumentality organized and existing under and by virtue of the Act. The Service was created by the Maryland General Assembly in 1970 as an agency of the Maryland State Department of Natural Resources. Pursuant to Chapter 196 of the 1993 Acts of the Maryland General Assembly, effective July 1, 1993, the Service was established as an instrumentality of the State and a public corporation independent of the Department of Natural Resources. Chapter 196 also expanded the Board of Directors from seven to nine members; provided for the appointment of the Deputy Director, Secretary and Treasurer by the Director, with the approval of the Governor; provided for the appointment of the remaining Board members by the Governor, with the advice and consent of the Senate; exempted the Service from most provisions of the State Procurement Law; established the retirement and health benefits available for certain employees of the Service; authorized the Service to create a new personnel system; exempted the Service from most provisions of the State Merit System Law effective January 1, 1995; authorized the Service to create private corporations; authorized the Service to exercise the corporate powers granted Maryland corporations under the Maryland General Corporation Law; and made other changes to the law governing the Service.

In 2009 the General Assembly further amended the Act by authorizing the Service to undertake and finance energy production and transmission projects. Chapter 183, Acts 2009, effective October 1, 2009, made other clarifying and stylistic changes to the Act.

Purpose

The Service's mission is to assist with the preservation, improvement, and management of the quality of air, land, water and natural resources, and to promote the health and welfare of the citizens of Maryland. The Service undertakes this mission by providing operational and technical services to protect and enhance the environment. Major activities of the Service include the provision of water supply and wastewater treatment, sewage sludge management, recycling assistance, GIS mapping, solid waste management, dredged material planning and management services, energy and resource recovery from waste, and energy conservation and generation services. The Service has the ability to provide services to any project that impacts the watershed area of the Chesapeake Bay. Services are provided to State of Maryland-owned facilities, local communities, political subdivisions and the private sector.

The Service currently operates approximately 1,000 environmental projects located in three states – projects with budgets that range from several thousand dollars to $6.7 million annually. Licensed and certified personnel operate and maintain many of the facilities. The Service's capabilities include: financing, engineering, design, construction, laboratory testing, operation oversight, management, operation, maintenance and plant supervision.

Projects

The Service is organized into two primary operating groups: Environmental Operations and Environmental Services.

Environmental Operations - The operators, engineers, environmental specialists and project managers in Environmental Operations work to meet the solid waste management and recycling needs of Maryland's communities. This group has been involved in the design, permitting assistance, construction, inspection, project management and operation of numerous facilities throughout the State of Maryland.

Environmental Services – There are two units in the Environmental Services Group. The Environmental Dredging & Restoration Division includes, Operations & Maintenance, Engineering and Planning primarily in support of the Maryland Port Administration, the Corps of Engineers and the Department of Natural Resources. The Water/Wastewater and Environmental Monitoring Division undertakes GIS\GPS\Survey, Remediation & Hazardous Waste and Environmental Compliance projects. The division also operates water and wastewater facilities throughout the State. Its capabilities include: engineering, project management, operation, maintenance and plant supervision.

The two operating groups are supported by the Administration and Finance groups which includes Human Resources, Procurement, Communications, Grants, Strategic Partnerships, Environmental Compliance and Safety, Administrative Services, Information Technologies, Payroll, Accounts Payable and Receivable, and Accounting.

Membership and Organization

The Service's affairs are managed by a nine-member Board of Directors. The four officers are Director, Deputy Director, Treasurer and Secretary. The Director is appointed by the Governor with the advice and consent of the Senate. The Deputy Director, Secretary and Treasurer are appointed by the Director with the approval of the Governor. The other five members, three from the public sector and two from the private sector, are appointed by the Governor with the advice and consent of the Senate. The Director, Deputy Director and Treasurer serve full-time for the Service; the current Secretary serves part-time. The Service presently has approximately 851 employees. Below are brief resumes of the Board of Directors and key members of the staff.

DR. CHARLES GLASS, PH.D., Acting Director, appointed on June 22, 2020 by the Governor. Charles C. Glass, Ph.D., P.E. was appointed as Director after serving as Deputy Secretary at the Maryland Department of Natural Resources ("DNR"). Prior to his role at DNR, Dr. Glass served as Assistant Secretary for Transportation Policy Analysis and Planning and Director of Bicycle and Pedestrian Access at the Maryland Department of Transportation.

Dr. Glass' credentials include serving more than 20 years as a research and engineering professional in academia and the consulting engineering industries. Throughout his career, Dr. Glass has held various positions as a teacher, researcher, and consulting professional in Civil and Environmental Engineering. Dr. Glass is a trained Professional Environmental Engineer, with a doctorate that focused on the microbiological processes involved in wastewater treatment engineering. For 19 years, Dr. Glass taught students how to design water and wastewater treatment plants, performed and published research on environmental engineering topics, and taught engineering economics to prepare young engineers to work in the industry.

Dr. Glass graduated from Montgomery Blair High School in 1989 and completed his undergraduate degree requirements in Civil Engineering in 1992 at The Johns Hopkins University. Dr. Glass completed his Master of Science and Ph.D. degrees at the University of Colorado at Boulder in 1994 and 1997, respectively. Dr. Glass has published numerous peer-reviewed journal articles, participated in a variety of widely attended conference proceedings, and is recognized nationally as an expert in stormwater management, green infrastructure and wastewater treatment.

The prior Director of the Service, Roy C. McGrath, resigned from his position as Director effective May 31, 2020, in order to accept his appointment as Chief of Staff to the Governor.

VACANT, Deputy Director.

[The prior Deputy Director of the Service, Beth S. Wojton, retired from her position as Deputy Director effective June 30, 2020. Ms. Wojton served in this role for thirty-two years. The Director, with the approval of the Governor, has the authority to appoint a new Deputy Director. As of July 1, 2020, a replacement Deputy Director has not been appointed.]

MICHAEL C. HARRIS, Treasurer, appointed April 5, 2018. Mr. Harris is responsible for finance, accounting, fleet, internal controls, and overall execution of the financial planning and analysis activities of the Service. Mr. Harris brings over 16 years of experience in both the for-profit and not-for-profit sectors, where he

contributed to the growth, financial performance, and overall management of those organizations. Prior to joining the Service, Mr. Harris served as Director of Finance for a not-for-profit organization providing mental health services throughout the Commonwealth of Virginia. Mr. Harris is a member of the Maryland Government Finance Officers Association and Greater Washington Society of Certified Public Accountants.

RICHARD P. STREETT, JR., V.M.D., Secretary, appointed September 7, 2007. Dr. Richard Streett has served as Secretary of the MES Board of Directors since he was appointed on September 7, 2007. In 1971, Dr. Streett founded the Churchville Veterinary Clinic and later added Greenbrier and Swan Creek Veterinary Clinics. Dr. Streett still practices veterinary medicine part-time. Dr. Streett is currently a partner in the Streett Family Companies and Spenceola Group, which are real estate development companies. Additionally, Dr. Streett is Secretary and Chairman of the Planning Committee on the Board of Directors of the University of Maryland Upper Chesapeake Health System, Vice Chair of the Greater Harford Committee, and a member of the Maryland Veterinary Foundation. Previously, Dr. Streett served as Chair of the American Veterinary Medical Foundation, the Maryland Veterinary Foundation, and the Harford County Economic Development Advisory Board and as Chairman of the Harford Community College Board of Trustees and the Upper Chesapeake Health Foundation. Dr. Streett was also a member of the Executive Board of the Maryland Veterinary Association, the Maryland Higher Education Commission, and the Maryland Agricultural Commission and a Captain in the United States Army Veterinary Corps. Dr. Streett studied Pre-Veterinary Sciences at the University of Maryland College Park and Veterinary Medicine at the University of Pennsylvania.

WILLIAM B.C. ADDISON, JR., Private Sector Member, appointed March 19, 2020. Mr. Addison previously served on the Board from 1994 until January 2020, when he retired as the Secretary of the Maryland State Senate, a post he had held since 1998. Mr. Addison is a self-employed farmer and served as the Assistant Journal Clerk of the Maryland State Senate from 1978-1998 and as a consultant to the Chesapeake Bay Foundation on agricultural management. Mr. Addison is a member and past President of the Vansville Farmer's Club.

MORGAN G. HALL, Jr., Public Sector Member, appointed March 19, 2020. Mr. Hall currently works as a Physical Scientist for the Department of Defense at Aberdeen Proving Ground in Maryland. Mr. Hall has co-authored numerous scientific publications over his 18 years working as a Scientist for the Department of Defense. Prior to his employment at Aberdeen, Mr. Hall worked in the Environmental field for 6-years conducting environmental field testing and environmental research. Mr. Hall is a graduate of Morgan State University with a Bachelor of Science degree in Chemistry. Mr. Hall is also a retired Major with the Maryland Army National Guard. During his 22-years with the National Guard, Mr. Hall served as an Infantry platoon leader, an Infantry Commander, a Staff officer and a Combat Advisor. Mr. Hall served in Afghanistan as a Combat Advisor advising Afghanistan troops earning him a Bronze Star and Combat Infantryman badge for his numerous combat operations.

LESLIE JACKSON JENKINS, Esq., CPM, Public Sector Member, appointed July 1, 1998. Ms. Jenkins is the Associate Director for the Office of Central Services in Prince George's County, Maryland. Ms. Jenkins has served as Deputy Director Management Services for the Prince George's County Department of Environmental Resources, as the County Council Liaison for Prince George's County, and as the Associate County Attorney for Prince George's County. Ms. Jenkins is a Member of the Maryland State Bar Association, a District of Columbia Bar Associate, and a member of the J. Franklin Bourne Bar Association.

JOSEPH F. SNEE, JR., Esq., Private Sector Member, appointed June 1, 1994. Mr. Snee serves as one of the two members from the private sector in the State of Maryland. Mr. Snee is a shareholder of the law firm of Snee, Lutche, Helmlinger & Spielberger, P.A. and a graduate of the University of Maryland, College Park and the University of Maryland School of Law. Mr. Snee is a member of the Harford County Bar Association, the Maryland State Bar Association, Inc. and the American Bar Association. Mr. Snee also serves on the Board of the Upper Chesapeake Foundation, the Presbyterian Home of Maryland, and as a member of the Al Cesky Scholarship Fund, Inc.

JOHN P. SMITH, JR., Public Sector Member, appointed June 16, 2016. Mr. Smith serves as an Agricultural Preservation Specialist with Carroll County Government. Mr. Smith is a former dairy and crop farmer with over 20 years of experience managing Goodwill Farm in New Windsor, Maryland.

Key Staff

STEVEN G. TOMCZEWSKI, Executive Director Environmental Operations – Mr. Tomczewski was hired to this position in March 2005. Mr. Tomczewski has 40 years of management and engineering experience predominantly within the private sector. This experience has included 25 years of experience with Wheelabrator Technologies/Waste Management primarily involved with the engineering, construction and management of municipal solid waste to energy facilities within the Mid-Atlantic area. These facilities included the Baltimore, Maryland, Falls Township Pennsylvania, Westchester, New York and Gloucester County, New Jersey locations. He was also responsible for the engineering, construction and operation of a waste wood-fired cogeneration facility located in Maine. Mr.Tomczewski earned a B.S. in Chemical Engineering from Drexel University in 1975. He is an active member of the Solid Waste Association of North America serving for several years as Treasurer for the Mid-Atlantic SWANA Chapter. In his current position, Mr. Tomczewski is responsible for the overall operation, safety, and financial management of the Service's Environmental Operations Group. This group is comprised of more than 200 team members and 15 sites in the State of Maryland, focused on Solid Waste Transfer, Solid Waste Collection, Landfill Operations, Composting, Environmental Monitoring and Remediation, Solid Waste Engineering, and Leachate and Landfill Gas Management. In addition, the group operates a 4 Megawatt wood-fired Combined Heat and Power system for the Maryland Department of Public Safety and Correctional Services. Mr. Tomczewski received the 2014 SWANA Robert H. Lawrence Award for Distinguished Service.

TIM FORD, Chief Project Management-Environmental Operations – Mr. Ford was hired to this position in 2010. Mr. Ford has 35 years of solid waste experience with private sector companies, including Browning Ferris Industries, Veolia, and USFilter. Mr. Ford has significant technical and operational experience in solid waste organics, total waste management, solid waste collection, landfill management, hazardous waste management, project management, permitting and health and safety issues. In his current position, Mr. Ford is responsible for the Group's solid waste engineering, environmental remediation and environmental monitoring projects. Under his tenure the Group has seen the design and completion of three landfill cell construction projects; five landfill capping projects; two solid waste transfer station construction projects; three municipal recycling facility upgrades, including the design, equipment selection and construction of the Baltimore County Single Stream Recycling Facility and the renovations to the Prince George's County MRF. Mr. Ford has a B.S. from Pennsylvania State University and is active in the Mid-Atlantic Chapter of SWANA, serving as a Director and current Chapter Vice President.

ERIC FRASE, Landfill Manager – Mr. Frase was hired to this position in 2013. Mr. Frase has worked on various environmental engineering tasks in his career including performing Phase I and Phase II site analyses as well as the development of various Storm Water Pollution Prevention Plans (SWPPP) and Spill Control Countermeasure Plans. Since beginning work for the Service, Mr. Frase has extensive experience with various landfill monitoring (Landfill Gas and Groundwater) operations. In 2012, Mr. Frase was selected to act as Landfill Manager for Dorchester County at their Beulah Landfill. Subsequently, Mr. Frase was promoted to Landfill Manager at the Mid-shore II Landfill in Ridgely in 2013, a position he continues to fill. Mr. Frase is also responsible for the Midshore I Transfer Station in Easton, MD. Mr. Frase earned a BS Degree in Environmental Science from University of Maryland in 2004.

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III. MID-SHORE II LANDFILL

General

Each of the Mid-Shore Counties has agreed to host, on a rotating basis, a regional solid waste facility operated by the Service solely for the benefit of the parties to the Service Agreements. The first such facility, located in Talbot County (the "Mid-Shore I Landfill"), opened in 1991 and closed on December 31, 2010. The Mid-Shore I Landfill has been succeeded by the Mid-Shore II Landfill located in Caroline County, which opened in 2011 and which has a projected operating life of at least 20 years.

The Mid-Shore II Landfill is located approximately two miles east of the town of Ridgely in Caroline County, Maryland. The Mid-Shore II Landfill site is approximately 205 acres in size. Various residential and agricultural properties are located to the west and south of the site. The former Caroline County Holly Road Landfill is located southeast of the site. The Mid-Shore II Landfill site was acquired by the Service from Caroline County in 2009. Previously, the site was used by Caroline County for a variety of purposes, including quarrying to obtain materials for roads construction and maintenance, storage of materials for road construction and maintenance, and temporary parking for county vehicles. The location where waste disposal activities were conducted is referred to as the former Holly Road Landfill, which is still owned by Caroline County Commissioners and is not part of the Mid-Shore II Landfill. Sanitary waste disposal activities ceased at the Holly Road Landfill in 1991 when the Mid-Shore I Landfill opened in Talbot County. The Mid-Shore II Landfill currently consists of three cells (Cell #2, Cell #3 and Cell #4) but has been designed to consist of five total cells and will accommodate 3.9 million tons of waste, enough capacity to meet the waste disposal needs of the Mid-Shore Counties for at least a 20-year period from its commencement of operations.

2011 Project

On February 16, 2011, the Service issued the Series 2011 Bonds to finance the cost of the acquisition, design, construction and equipping of the first cell ("Cell #4") at the Mid-Shore II Landfill and other associated projects, including the development of Ackerman Farm for forest conservation, wetland mitigation and landfill soil borrow requirements; and the River Road upgrade, which was required to allow for the refuse truck traffic on River Road from MD 480 to the landfill entrance, and a traffic roundabout at the intersection of MD 480 and River Road (collectively, the "2011 Project").

Ackerman Farm

In addition to the need for a site to conduct mitigation of environmental impacts, it was determined that the Mid-Shore II Landfill would require approximately 1.15 million cubic yards of soil beyond the amount available at the landfill site. The soil is needed for construction of the landfill cells, daily and intermediate cover for the operation of the landfill, and capping/closure of the landfill. The Ackerman Farm, consisting of approximately 120 acres and located adjacent to the landfill site, was purchased by the Service on March 27, 2008 to provide a resource for the environmental impact and borrow issues noted above. In 2009, the perimeter of the property was planted with saplings from the Department of Natural Resources Tree Nursery; these trees will serve as a buffer for mining borrow operations in the future.

River Road Improvements

The primary entrance to the Mid-Shore II Landfill is on River Road. The Service improved the existing roadway by widening it.

2014 Project

On May 22, 2014, the Service issued the Series 2014 Bonds to finance the cost of the acquisition, design, construction and equipping of the second cell ("Cell #2") at the Mid-Shore II Landfill.

2018 Project

On August 8, 2018, the Service issued the Series 2018 Bonds to finance the costs of the planning, design, construction, equipping and operation of the third cell ("Cell #3") at the Mid-Shore II Landfill.

Remaining Life

Despite the expiration dates of the Service Agreements in 2029, the physical remaining useful life of the Mid-Shore II Landfill is approximately 31 years, which extends to approximately November 2050. The approximate remaining useful life is based on the assumption that the Mid-Shore II Landfill will continue to receive an average of 109,000 tons per year.

[RECENT DISCUSSIONS RE: EXTENSION OF SERVICE AGREEMENT? NO AMENDMENTS OR CHANGES IN PROCESS. PARTIES DO INTEND TO DISCUSS. NO FORMAL PROPOSALS HAVE BEEN MADE]

Relationship with the Mid-Shore Counties

Since the early 1980's the Service and Caroline, Queen Anne's and Talbot Counties have been working together to develop and implement a regional solution to those counties' municipal solid waste disposal needs. The parties first studied the feasibility of developing a resource recovery facility in the region. After concluding that a resource recovery facility was not practical, the parties agreed in May 1986, to move forward with a regional landfill project.

In March 1988, the three counties and the Service executed a contract (the "1988 Contract") whereby the Service agreed to develop the regional landfill, including preparing the detailed engineering design of the facility, acquiring all necessary federal, State and local permits and approvals, issuing bonds to finance the cost of the new landfill, construct and then operating the project. The 1988 Contract obligated the three counties, and not the Service, to select a site for the landfill.

In July, 1988 the Service and Caroline, Queen Anne's and Talbot Counties signed a Memorandum of Understanding (the "1988 MOU") further defining their roles, responsibilities, obligations and direction of the parties in implementing the project. The 1988 MOU defined the project as the Mid-Shore Regional Landfill ("Mid-Shore I Landfill"), and designated the site of the landfill to be on a parcel of land adjacent to the Easton Landfill. The Easton Landfill is that certain property located adjacent to the Mid-Shore I Landfill consisting of approximately 18.5 acres (the "Easton Landfill"). The Service was directed to take the lead in acquiring the site. Caroline and Queen Anne's Counties were required to establish an inventory of proposed sites in their respective counties for future regional landfills. Those two counties each agreed to acquire an option to purchase at least one of the sites designated in their respective counties.

Consistent with the 1988 Contract and the 1988 MOU, the Service obtained a solid waste disposal permit from the Maryland Department of the Environment ("MDE") in January 1990. The Service also acquired from the Town of Easton the site for the Mid-Shore I Landfill. As a condition of transferring the property, the Town of Easton required the Service to take title to the adjacent Easton Landfill, and to close and monitor the Easton Landfill in accordance with State and federal requirements.

In order to finance the cost of constructing the Mid-Shore I Landfill and closing the Easton Landfill, MES agreed that it would issue indebtedness. In February 1990, MES issued its $8,075,000 Revenue Bonds (Mid-Shore Regional Landfill Project), Series 1990 (the "1990 Bonds"), to finance a portion of the construction of the Mid-Shore I Landfill and the closure of the Easton Landfill. The 1990 Bonds were refinanced with bonds issued by the Service in 1999, which subsequently have been paid in full.

Pursuant to Waste Disposal Service Agreements executed by and between each of the Mid-Shore Counties and the Service in 1990 ("Prior Service Agreements"), the Service was authorized to charge a tipping fee for each ton of solid waste accepted at the Mid-Shore I Landfill. If the sum of the tipping fees, plus any other revenues made

available to the Service were not sufficient to pay the Total Costs incurred by the Service in operating the Mid-Shore I Landfill, including any debt service, the Prior Service Agreements required the Mid-Shore Counties to pay to the Service a supplemental fee to make up the difference. The Mid-Shore Counties never paid a supplemental fee under the Prior Service Agreements.

The Mid-Shore I Landfill opened to receive solid waste in 1991. In September 1992, Kent County entered into a service agreement with the Service to become the fourth County participating in the Mid-Shore I project. Since that time the Service incurred additional debt to fund the construction of additional landfill cells. All such additional indebtedness incurred for the Mid-Shore I Landfill has been paid in full.

Caroline County subsequently identified a site adjacent to the Holly Road Landfill for construction of the Mid-Shore II Landfill.

Pursuant to a Memorandum of Understanding dated February 4, 2005, between the Service and the Mid-Shore Counties, the Service agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of the Mid-Shore II Landfill to be located near Ridgely, Caroline County, Maryland.

The Mid-Shore I Landfill termination date was December 31, 2010. At that time the Mid-Shore I Landfill ceased commercial operation and no longer accepts waste for final disposal. Pursuant to an agreement with the MDE, the Service placed the Mid-Shore I Landfill on inactive status on or about December 31, 2010. The Service executed a contract for the capping of the landfill and issued the contractor the notice to proceed in April 2015. The capping and closure of the landfill were completed as specified under the Code of Maryland Regulations 26.04.07.21. The landfill was deemed capped on January 3, 2017, which date began the 30 year post-closure monitoring period. All landfill gas extraction and destruction, monitoring of landfill gas and groundwater, and monitoring of potable wells in the potential impact area will be maintained, and leachate will continue to be collected and transferred to Easton Utilities Commission. The Service has an agreement to convey landfill gas to the Easton Utilities Commission which utilizes the gas to operate a turbine generating electricity. The Prior Service Agreements expired on March 1, 2011.

Following the completion of the capping and closure of the Mid-Shore I Landfill, the construction contractor alleged that it was owed an additional amount of approximately $1.38 million from the Service. The contractor and the Service unsuccessfully engaged in extensive negotiations as well as an administrative process for resolving disputes. The contractor has filed suit in the Circuit Court for Anne Arundel County in the State Maryland. [A pre-trial conference has been scheduled for August 2020.] The Service does not believe the amount in dispute is material to its financial position with respect to the Mid-Shore II Landfill.

In 2009, the Service and each of the Mid-Shore Counties entered into new Service Agreements under which the Mid-Shore Counties made binding, long-term commitments to the Service for the disposal of solid waste generated within the boundaries of the Mid-Shore Counties. See "THE BONDS – Service Agreements" and "Summary of Certain Provisions of the Service Agreements and Service Agreement Definitions" in Appendix C.

Under the Service Agreements, the Service agreed to undertake the design and construction of a closure cap for the closed Hobbs Road Landfill. The Service is required to maintain and monitor the capped landfill during the post-closure period, so long as the Service is also operating the Mid-Shore II Landfill. The Service has no other obligations with respect to the Hobbs Road Landfill. Caroline County will continue to own the Hobbs Road Landfill, and will be responsible for any additional remediation that may be required.

In 2011, the Mid-Shore I Transfer Station (the "Talbot Transfer Station") operation was instituted in response to Talbot County's desire to minimize the hauling costs of its waste collection vehicles traveling to the Mid-Shore II Landfill. The Talbot Transfer Station, located in Easton, Maryland, also includes the operation of the Home Owner Drop Off at the Mid-Shore I Landfill. Inbound municipal solid waste, yard waste, construction debris and recyclables are accepted from homeowners and both residential and commercial haulers at the Talbot Transfer Station. Personnel of the Service then load the waste into transfer trailers and transport the loaded trailers to the Mid-Shore II Landfill for ultimate disposal or recycling. Approximately 33,000 tons of waste is transferred per year from the operation of the Talbot Transfer Station. The Service's costs to operate the Talbot Transfer Station are recovered directly from Talbot County under a separate Intergovernmental Agreement for Solid Waste Services by

and between Talbot County, Maryland and the Service, dated as of October 25, 2010 (the "IGA"). [The IGA is set to expire on December 31, 2020. The Service and Talbot County, Maryland are working on an amendment to the IGA that would extend the termination date to December 31, 2030. As of the date hereof, the amendment has not been executed.]

Technology

The Mid-Shore II Landfill was designed, permitted and constructed to meet or exceed standards specified in the Code of Maryland Regulations (COMAR 26.04.07) and applicable Federal Standards under Subtitle D of the Federal Resource Conservation and Recovery Act (RCRA), and 40 CRF Part 258. These regulations were enacted to mandate installation of liner systems to create barriers that prevent the infiltration of leachate (e.g., contaminated liquid resulting from percolation of precipitation and deposited liquids through solid waste) into ground water. Cell #4 (the first cell constructed in 2009-2010) was designed and constructed incorporating a double liner system consisting of the following components:

- A compacted earth subsurface (clay)
- A lower barrier of a 60 mil HDPE synthetic membrane
- A secondary leak detection/leachate collection synthetic drainage layer
- An upper barrier consisting of a 60 mil HDPE synthetic membrane
- A primary leachate collection system, consisting of a synthetic drainage layer overlain by sandy soil

Landfill leachate will be collected and removed from the landfill cell by means of gravity flow in the leachate collection system into a wet well. Wet well pumps will pump the collected leachate into a 500,000 gallon leachate storage tank. Leachate will then be pumped from the storage tank into tanker trucks and transported to the Mid-Shore I Landfill located in Easton, Maryland. At the Mid-Shore I Landfill, the leachate from the tanker trucks will be discharged into the Mid-Shore I Landfill covered leachate storage lagoons until it is discharged to the Easton Utilities Wastewater Treatment Plant.

Permanent erosion and sediment control (E&S) measures were implemented at Mid-Shore II Landfill, and routine maintenance is performed to assure system efficiency and compliance. The E&S measures consist of temporary seeding, onsite diversion ditches, sediment traps, silt fences, and sediment basins. A closure plan for the facility will specify final earth cover and a closure cap to promote surface runoff and to minimize liquid infiltration into the closed landfill cells. Postclosure monitoring and maintenance, as specified in Federal and State regulations, will ensure the integrity of the landfill for a minimum of 30 years after cessation of waste acceptance at the site. Collection ponds, roadways, maintenance facilities and stormwater management systems will also be included in the project.

Waste Stream Analysis

General

The Mid-Shore II Landfill serves as the sole disposal facility for general mixed municipal, residential, commercial and nonhazardous industrial solid waste in the Mid-Shore region. Waste is transported to the facility by private or public haulers. A homeowner drop-off facility is operated by the Service for the Mid-Shore Counties at the existing Holly Road homeowner drop-off facility located off Holly Road adjacent to the Mid-Shore II Landfill on River Road. Citizens of the Mid-Shore Counties can directly dispose of their solid waste in containers, designated by type of waste.

Primary Market Area

Only solid waste generated within the geographic boundaries of the Mid-Shore Counties is accepted at the Mid-Shore II Landfill for disposal, unless otherwise agreed upon by the Mid-Shore Counties and the Service, in accordance with conditions under the Service Agreements. Computerized scale facilities record all incoming solid waste. The weighmaster limits access to the active disposal area (e.g., landfill working face) in order to determine (and thereby control) the point of origin of the solid waste, and the quantity and types of solid waste to be accepted

for disposal. Random waste load inspections are routinely conducted by the Service personnel at the Mid-Shore II Landfill working face. These operational controls and incoming waste monitoring allow the Service to identify waste originating outside of the Mid-Shore Counties' geographic boundaries. To date, records indicate that no waste has been intentionally accepted from any source outside the Mid-Shore Counties at the Mid-Shore II Landfill.

Solid Waste Types

The Mid-Shore II Landfill will accept general mixed municipal, residential, commercial and nonhazardous industrial wastes. The Service Agreements stipulate that hazardous waste of any type in regulated quantities will not be accepted at Mid-Shore II Landfill. Effective January 1, 1994, Maryland State Law prohibits the disposal of tires in landfills. All tires received at Mid-Shore II Landfill will be directed to a stockpile area where they are temporarily stored, pending accumulation of sufficient volume for economical transport to a licensed tire disposal facility. To cover the cost for the tire consolidation and disposal effort, a fee is assessed to haulers and individuals delivering tires to the Mid-Shore II Landfill. Yard waste and brush is directed to a wood process area, currently located within the planned Mid-Shore II Landfill Cell #5 area and is ground up via mobile grinder for onsite utilization. White goods, such as certain appliances, and other scrap metals will be diverted from the Mid-Shore II Landfill disposal area and marketed for their scrap value. Prior to the sale of white goods, CFC refrigerants will be collected and recycled.

Solid Waste Quantities

An average pounds per capita per day ("PCD") of 4.6 was utilized to calculate anticipated Mid-Shore II Landfill life. This number was developed by the United States Environmental Protection Agency at the time of the initial planning of the Mid-Shore II Landfill. In a report entitled "Municipal Solid Waste Generation, Recycling, and Disposal in the United States: Facts and Figures for 2008," the number dropped to 4.5 PCD. The 4.6 PCD and population projection data for the Mid-Shore Counties were used to determine the total cumulative solid waste quantities anticipated over the life of the Mid-Shore II Landfill. The table below indicates population projections from data compiled by the Maryland Office of Planning Data Service, as of February 2009. In addition to population and PCD generation rate, the quantity of solid waste generated in the Mid-Shore Counties is dependent upon a variety of factors, which includes the status of the national and regional economy.

Mid-Shore Region Population Projections

	Actual				Projected				
County	**1980**	**1990**	**2000**	**2010**	**2015**	**2020**	**2025**	**2030**	**2035**
Caroline	23,143	27,035	29,772	33,066	32,900	34,050	36,250	38,450	40,750
Kent	16,695	17,842	19,197	20,197	19,600	20,900	21,600	22,100	22,550
Queen Anne's	25,508	33,953	40,563	47,798	48,650	50,750	52,850	55,750	58,500
Talbot	25,604	30,549	33,812	37,782	37,600	38,850	40,050	40,900	41,550
Total	90,950	109,379	123,344	138,843	138,750	144,550	150,750	157,200	163,350

NOTE: Data compiled from population projections for Maryland Jurisdictions by the Maryland State Data Center, as of August 2017.

Using the Mid-Shore II Landfill design under the existing Refuse Disposal Permit for the Mid-Shore II Landfill, the Mid-Shore II Landfill design engineer has estimated that the total air space capacity of Mid-Shore II Landfill equals approximately 8,285,000 cubic yards. Approximately 80 per cent of the total air space (6,628,000 cubic yards) would be available for solid waste disposal. This represents a total estimated placement of 3,976,795 tons of solid waste over the life of the Mid-Shore II Landfill.

Recycling

The individual Mid-Shore counties previously managed their recyclable materials through the Mid-Shore Regional Recycling Program (MRRP). Since July 1, 2012, in accordance with an Agreement for Recycling Management Services by and between the Service and each of the Mid-Shore Counties, the Service has been responsible for the collection, removal, consolidation, transportation and marketing of recyclable commodities throughout the Mid-Shore Counties, primarily via a voluntary drop-off program. Recycling containers are located at various locations throughout the Mid-Shore Counties, and citizens make their own arrangement to dispose of recyclable material in these containers. The Service's recycling activities are supported by a recycling surcharge added to the Tipping Fee. This surcharge is currently $5.00 per ton of all incoming solid waste and was adopted by the Service at the request of the Mid-Shore Counties in 1991. This surcharge as well as all revenues derived from the marketing of recyclable commodities is utilized by the Service to provide recycling management services. In the event that the Landfill Revenues are insufficient to cover Total Costs, at the discretion of the Service, the recycling surcharge may be used by the Service to cover these costs.

The Environmental Article, Title 9, Subtitle 5 of the Annotated Code of Maryland, as amended, requires that the Mid-Shore Counties recycle a minimum of 15 percent of all solid waste generated. All counties in the State are required to recycle at a minimum of 15 percent of solid waste for counties with populations less than 150,000 and 20 percent for counties with populations greater than 150,000. Recyclables, white goods, tires, scrap metal and brush are not placed into the Mid-Shore II Landfill disposal cells.

Tonnage and Tipping Fee History

The solid waste accepted at the Mid-Shore II Landfill ranged from 107,833 tons to 143,627 tons per year over the past 5 fiscal years. In fiscal year 2019, 134,809 tons or 93.9% of the tonnage was delivered by private or public haulers and 8,829 tons or 6.1% of the tonnage was delivered directly by the Mid-Shore Counties. From the 8,829 tons delivered by the Mid-Shore Counties, Caroline County delivered 909 tons (10%), Kent County delivered 2,561 tons (29%), Queen Anne's County delivered 5,341 tons (60%) and Talbot County delivered 18 tons (~1%). These tonnage amounts represent what was delivered and paid for directly by the respective Mid-Shore Counties and do not represent how much waste was actually disposed of by residents of that Mid-Shore County or determine the percentage owed by each Mid-Shore County should a Supplemental Fee be required.

The Service estimates that of the 143,627 tons of waste accepted in fiscal year 2019 at the Mid-Shore II Landfill, approximately 21% was generated within Caroline County, 14% within Kent County, 25% within Queen Anne's County, and 40% within Talbot County. These percentages represent only what was estimated to be generated within the respective County and do not reflect the percentage of tipping fees paid to the Service by the respective County (see the above paragraph) nor the percentage of a Supplemental Fee that may be required in accordance with the Service Agreements.

The amount of solid waste accepted for the Mid-Shore II Landfill for the first eleven months of fiscal year 2020 (through May 2020) was 125,378 tons.

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The following chart shows the solid waste disposal trends for the Mid-Shore II Landfill for the past five fiscal years.

Historical Quantity of Solid Waste
(tons)
(Fiscal Year Ended June 30)

Fiscal Year	Total Solid Waste Tonnage
2015	107,738
2016	111,065
2017	117,982
2018	131,037
2019	143,627

Source: Maryland Environmental Service Environmental Operations Division.

The following chart shows the yard waste disposal trends for the Mid-Shore II Landfill for the past five fiscal years.

Historical Quantity of Yard Waste
(tons)
(Fiscal Year Ended June 30)

Fiscal Year	Total Yard Waste Tonnage
2015	686
2016	838
2017	847
2018	1,449
2019	4,470

Source: Maryland Environmental Service Environmental Operations Division.

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The following chart indicates the Service's tipping fees for municipal solid waste ("MSW") and yard waste ("YW") for the past five fiscal years.

Historical Tipping Fees
(Fiscal Year Ended June 30)
(Per Ton)

Fiscal Year	MSW	YW
2015	$60.00	$30.00
2016	62.00	32.00
2017	64.00	42.00
2018	66.00	42.00
2019	67.00	42.00

Source: Maryland Environmental Service Environmental Operations Division.

The Service has in the past been able to charge a fee for disposal at the Mid-Shore II Landfill sufficient to pay the Total Costs of the Mid-Shore II Landfill without requiring the Mid-Shore Counties to contribute moneys over and above the Tipping Fees charged at the Mid-Shore II Landfill. The Service has not had to impose a Supplemental Fee.

Landfill Construction-Related Permits and Approvals [WTP ALSO REVIEWING/UPDATING]

The design concept for Mid-Shore II Landfill, which includes the phased construction of new disposal cells as previously constructed cells are filled with solid waste, enables the design for future disposal cells to be adapted to potential changes in regulations that may be promulgated by the United States Environmental Protection Agency, the MDE, or other regulatory agencies. Adaptations to the design of future disposal cells ensure that the Mid-Shore II Landfill requirements are periodically updated to meet current "Best Available Technology" standards. It is noteworthy however, that future changes in environmental laws could result in increased capital and operating costs, which would impact Total Costs and therefore the amount of the landfill tipping fee and the assessment of Supplemental Fees.

The original construction of the Mid-Shore II Landfill required the Service to apply for and obtain the following permits and approvals, some of which have since been renewed.

Refuse Disposal Permit- MDE

Solid waste disposal facilities are required to be designed, constructed and operated in accordance with applicable regulations, codes, standards and laws. Prior to construction and operation of a solid waste disposal facility in the State of Maryland, a Refuse Disposal Permit must be issued by MDE. Three distinct phases in the Refuse Disposal Permit application process consist of: (I) gathering specific site information; (II) data collection (including site hydrogeologic description and ground water elevations); and (III) facility design. Each phase must be approved by MDE.

In addition to the three phases described above, the Refuse Disposal Permit application process also includes the opportunity for a public informational meeting and formal public hearing conducted by MDE. The Service prepared and submitted each of the three required phases of the permit application, participated in the required meetings and hearing, responded to all comments, and received a Refuse Disposal Permit from MDE for Mid-Shore II Landfill on February 3, 2009 (Refuse Disposal Permit No. 2005-WMF-0608). This permit was initially in effect through February 2, 2014 and was renewed by MDE effective February 2014 as Refuse Disposal

Permit No. 2013-WMF-0608, which has a current expiration date of February 4, 2019. An application for renewal was submitted to MDE by the Service on _____, as required by the permit. The Service has no reason to believe that MDE will not issue the renewed permit.

Nontidal Wetlands and Waterways Permit- MDE

In order to comply with MDE's Nontidal Wetlands and Waterways laws and regulations, the Service performed various analyses of the wetland issues associated with the Mid-Shore II Landfill site. After extensive review by MDE of this work, and a formal public hearing, MDE issued a Nontidal Wetlands and Waterways Permit Number 200764583/07-NT-2179 to the Service. This permit was issued on July 2, 2009 and will remain in effect through October 31, 2018. The Service is in the process of completing the work authorized by this permit, and does not anticipate that the permit will need to be renewed.

Compliance with this permit includes wetland mitigation as well as stream mitigation projects to be performed. The Ackerman Farm will be utilized for the wetland mitigation work.

Erosion and Sediment Control Permit - MDE:

Erosion and sediment control for the ongoing operations of the Mid-Shore II Landfill is an essential aspect of the permit process required to begin actual landfill operations. The Erosion and Sediment Control Permit for operations at the Mid-Shore II Landfill site was issued by MDE on September 29, 2010, and by an extension granted by MDE, is effective until March 8, 2019. [FURTHER EXTENSION?]. An Erosion and Sediment Control Permit for the construction of Cell #3 was issued by MDE on July 13, 2018 and is effective until _____.

Forest Conservation Plan – DNR

In order to mitigate the timbering of the Mid-Shore II Landfill footprint, the Maryland Department of Natural Resources ("DNR") required the Service to develop a detailed Forest Conservation Plan which required the planting of over 25,000 native trees which were purchased from the DNR Tree Nursery located in Preston, Maryland. These trees were planted in buffer areas of the Mid-Shore II Landfill site as well as on the Ackerman Farm property. Forest Conservation easements were established to protect these planted areas. The Forest Conservation Plan (FCA File # E08-01) was approved on October 21, 2009 and remains valid.

General Permit for Stormwater Associated with Construction Activity – MDE

On March 5, 2010, MDE approved a Notice of Intent ("NOI") filing for the Mid-Shore II landfill to discharge stormwater under MDE's General Permit for Stormwater Associated with Construction Activity under permit registration number 02SW2163. This permit allows for the discharge of storm water from the landfill site and requires the maintenance of all storm water control devices, primarily the two stormwater ponds located on the Mid-Shore II Landfill site.

The Service has submitted a NOI to MDE to discharge stormwater related to the construction of Cell #3, and the application is pending. The Service has no reason to believe that MDE will not approve the NOI.

Water Appropriation Permit – MDE

A Water Appropriation Permit was issued by MDE on March 1, 2010, and remains in effect through March 1, 2022. This permit allows for the withdrawal of 4,400 gallons per day on a yearly average or a maximum daily withdrawal of 8,000 gallons of water from the two stormwater ponds located on the Mid-Shore II Landfill site. This water is to be utilized for dust control within the landfill site.

Additional Permits

Local Caroline County permits, including a Caroline County Erosion and Sediment Control permit, were acquired prior to beginning Mid-Shore II Landfill construction.

A Discharge Service Agreement with Easton Utilities which went into effect on October 23, 2009, allows for the ultimate discharge of leachate originating from the Mid-Shore II Landfill. This leachate will be tank transported to the Mid-Shore I Landfill in Easton where it will then be discharged to the Easton Utilities Waste Water Treatment facility adjacent to Mid-Shore I Landfill. This permit is in effect through September 1, 2030.

Solid Waste Disposal Laws & Regulations

The Mid-Shore II Landfill has been constructed and will be operated in accordance with Maryland Refuse Disposal Permits issued by the MDE.

Various State and local regulations control the collection and transportation of solid waste to the Mid-Shore II Landfill. The Service is not obligated to monitor or manage compliance with such regulations by individuals, except to the extent such activity may occur in the normal course of the Service's operation of the Mid-Shore II Landfill. The Service has adopted rules governing the safe and proper utilization of the Mid-Shore II Landfill by individuals who come onto the landfill property.

NEITHER THE SERVICE NOR ANY OF THE MID-SHORE COUNTIES HAVE ADOPTED ORDINANCES, RESOLUTIONS, OR REGULATIONS MANDATING THAT EITHER PRIVATE OR PUBLIC HAULERS MUST DISPOSE OF WASTE AT THE MID-SHORE II LANDFILL.

Insurance

Pursuant to Title 9 of the State Finance and Procurement Article, Annotated Code of Maryland, the General Assembly has created the State Insurance Program (“Program”) and the State Insurance Trust Fund (“SITF”). The Treasurer of Maryland is responsible for the Program, and administers the SITF. The Underwriting Department of the Treasurer's Insurance Division consults with State agencies, including the Service, to determine if their insurance needs are best covered through the SITF, through the purchase of commercial insurance, or a combination of the two.

The Service shall maintain, or cause to be maintained, through the Maryland State Treasurer, insurance on all of its assets, including the Mid-Shore II Landfill assets, of the types and in the amounts it, in consultation with the State Treasurer, deems prudent and reasonable.

Covid-19

[PLACEHOLDER FOR DISCUSSION. WTP/PFM PREPARING.]

Service Agreement – Uncontrollable Event, but regardless does not excuse payment.

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IV. Financial Information

Financial Information – The Service

The following chart shows the change in net assets for the Service for the past five completed fiscal years. These funds of the Service are not pledged towards, and are not available to make any payments on, the Series 2020 Bonds. The Mid-Shore Regional Landfill project financial results are reported in a separate private purpose trust fund. See "Financial Information – Mid-Shore Regional Landfill Private Purpose Trust Fund."

Maryland Environmental Service Audited Financial Results
Changes in Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2015	2016	2017	2018	2019
Total Operating Revenues	$141,173	$159,505	$165,784	$155,299	$161,121
Operating Expenses					
Salaries and benefits	44,340	50,090	53,730	51,699	53,814
Other	81,249	93,046	94,456	85,898	89,925
General and administrative	13,746	14,311	15,021	15,271	15,960
Total Operating Expenses	139,335	157,447	163,207	152,868	159,699
Operating Income	1,838	2,058	2,577	2,431	1,422
		(250)	(166)	(593)	261
Nonoperating Expense, net	(388)				
Change in Net Position	1,450	1,808	2,411	1,838	1,683
Net Position, Beginning of Year	20,567	22,017	23,825	26,236	28,074
Net Position, End of Year	$22,017	$23,825	$26,236	$28,074	$29,757

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2015-2019.

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The following chart shows the net assets of the Service for the past five completed fiscal years. The Mid-Shore Regional Landfill project assets are reported in a separate private purpose trust fund. See "Financial Information – Mid-Shore Regional Landfill Private Purpose Trust Fund."

Maryland Environmental Service Audited Financial Results
Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2015	2016	2017	2018	2019
Assets					
Current and other assets	$85,872	$62,428	$68,259	$68,304	$72,249
Capital assets	18,539	18,641	17,743	16,388	18,386
Total Assets	104,411	81,069	86,002	84,692	90,815
Deferred outflows related to Pensions	331	767	1,231	720	952
Liabilities					
Current and long-term debt and capital leases	5,278	4,657	4,002	2,615	2,232
Other liabilities	77,217	53,133	56,906	53,028	58,475
Total Liabilities	82,495	57,790	60,908	55,643	60,707
Deferred inflows related to Pensions	230	221	89	1,695	1,303
Net Position					
Invested in capital assets, net of related debt	13,261	13,985	13,741	13,773	16,153
Restricted	12	12	12	12	12
Unrestricted	8,744	9,828	12,483	14,289	13,592
Total Net Position	$22,017	$23,825	$26,236	$28,074	$29,757

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2015-2019.

Financial Information – Mid-Shore Regional Landfill Private Purpose Trust Fund

The Mid-Shore Regional Landfill project assets are reported in a separate private purpose trust fund. The purpose of the fund is to establish and account for the operations of the and for the Mid-Shore II Landfill and associated projects. The Service utilizes the accrual basis of accounting and economic measurement focus in preparing its financial statements wherein revenues are recognized when earned and expenses are recognized when incurred. The Service prepares and submits annual operating budgets to each of the Mid-Shore Counties. To date, all operating expenses and debt have been paid from Landfill Revenues in accordance with the terms of the Service Agreements. See "THE BONDS – Service Agreement Flow of Funds" herein. For a discussion of the closure and ongoing obligations of the Service with respect to the Mid-Shore I Landfill see "THE BONDS – Relationship with the Mid-Shore Counties" herein.

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The following chart shows the change in net assets for the Mid-Shore Regional Landfill Private Purpose Trust Fund for the past five completed fiscal years.

Mid-Shore Regional Landfill Private Purpose Trust Fund Audited Financial Results
Changes in Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2015	2016	2017	2018	2019
Operating Revenue	$ 5,803	$6,244	$6,878	$7,901	$8,679
Operating Expenses					
Salaries and benefits	1,195	1,404	1,337	1,336	1,582
Other	2,313	5,397*	2,707	3,107	3,620
General and administrative	388	457	405	388	476
Total Expenses	3,896	7,258	4,449	4,832	5,678
Operating Income	1,907	(1,014)	2,429	3,069	3,001
Nonoperating Revenue (Expenses)					
Interest Income	10	13	17	73	326
Other revenue	0	43	(7)**	0	0
Interest expense	(888)	(849)	(799)	(747)	(779)
Change in Net Assets	1,029	(1,807)	1,640	2,395	2,548
Net Position, Beginning of Year	8,146	9,175	7,368	9,008	11,403
Net Position, End of Year	$9,175	$7,368	$9,008	$11,403	$13,951

* Related to increased costs in connection with the capping and closure of Mid-Shore I Landfill I
** Related to loss on disposal and sale of a piece of equipment.
Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2015-2019.

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The following chart shows the net assets of the Mid-Shore Regional Landfill Private Purpose Trust Fund for the past five completed fiscal years.

Mid-Shore Regional Landfill Private Purpose Trust Fund Audited Financial Results
Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2015	2016	2017	2018	2019
Assets					
Current and other assets	$ 16,683	$10,849	$11,040	$12,422	$18,569
Capital assets	25,038	24,531	23,930	23,768	29,401
Total Assets	41,721	35,380	34,970	36,190	47,970
Liabilities					
Current and long-term debt and capital leases	22,060	21,014	19,905	18,746	26,758
Accrued landfill closure and post closure costs	9,372	5,187	4,928	5,124	5,558
Other liabilities	1,114	1,811	1,129	917	1,703
Total Liabilities	32,546	28,012	25,962	24,787	34,019
Net Position					
Invested in capital assets, net of related debt	2,978	3,517	4,026	5,022	6,721
Net position designated closure/post closure	5,522	2,323	2,447	2,598	3,066
Net position designated Easton	867	868	871	879	895
Unrestricted net assets	(192)	660	1,664	2,904	3,269
Total Net Position	$9,175	$7,368	$9,008	$11,403	$13,951

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2015-2019.

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The following table compares the actual results for the Mid-Shore Regional Landfill Private Purpose Trust Fund from fiscal year 2019, the budgeted and forecasted revenues and expenses for fiscal year 2020 and the budgeted revenues for fiscal year 2021. The fiscal year 2021 Budget for the Mid-Shore II Landfill was adopted in _____.

Mid-Shore Regional Landfill
Fiscal Year 2019 Actual Financial Results
Fiscal Year 2020 Budget and Forecast
Fiscal Year 2021 Budget
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	Actual 2019	Budget 2020	Forecast* 2020	Budget** 2021
Operating Revenues	8,679	8,304	8,378	8,390
Operating Expenses				
Salaries and related costs	1,582	1,820	1,781	1,939
Technical and special fees	117	85	173	86
Communications	8	8	11	8
Travel	1	3	1	3
Supplies and materials	185	154	146	148
Utilities	40	57	53	68
Motor vehicles O&M	512	410	408	425
Contractual services	677	243	339	248
Fixed charges	1,279	1,726	1,725	1,791
Closure and postclosure cost	1,273	975	1,081	1,081
Data processing	5	7	17	14
Total Operating Expenses	5,679	5,488	5,735	5,811
Operating Income	3,000	2,816	2,643	2,579
Debt Service				
Bond principal	1,714	1,716	1,716	1,781
Bond interest	779	920	918	770
Total debt service	2,493	2,636	2,634	2,551

____
* Actual through June 30, 2019, forecast for remainder.
** Budget was adopted in July 1, 2019.
Source: Maryland Environmental Service Office of Finance.

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The following chart shows the fund balances of the Mid-Shore Regional Private Purpose Trust Fund as of June 30 of the past five fiscal years.

Mid-Shore Regional Landfill Private Purpose Trust Fund
Fund Balances
(Fiscal Year Ended June 30, 20197)
(Expressed in Thousands)

	2015	2016	2017	2018	2019
Operating Accounts	$13,806	$7,999	$8,109	$9,320	$10,655
Construction Funds	644	660	678	0	4,162
Mid-Shore I Easton Liability Fund	823	800	804	813	821
Mid-Shore I Closure Fund	759	764	765	771	785
Mid-Shore Interest Fund	4	0	0	136	315
Mid-Shore Principal Fund*	0	0	0	565	1,029
Total Fund Balances	$16,036	$10,223	$10,355	$11,605	$17,767

_____
Source: Maryland Environmental Service Office of Finance.
* The Mid-Shore Principal Fund was established on _____, 20__.

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Debt Service Coverage Ratios

The debt service coverage ratio for the Mid-Shore Regional Landfill Private Purpose Trust Fund is calculated for any particular Fiscal Year by dividing (i) the aggregate of the Net Income Available for Debt Service in such Fund for such Fiscal Year by (ii) the Debt Service Requirements on all Outstanding Long-Term Indebtedness from such Fund as of the last day of such Fiscal Year. See "Summary of Certain Provisions of the Indenture and Indenture Definitions" in Appendix D.

Pursuant to the Service Agreements, the Prior Service Agreements, and applicable law, following closure of the Mid-Shore I Landfill, the Service is obligated to conduct post-closure monitoring and maintenance. Since the Mid-Shore I Landfill opened in 1991, the Service has allocated a portion of the Landfill Revenues to be reserved for the costs of closing the Mid-Shore I Landfill. Since these costs are reserved each fiscal year but are not spent by the Service at that time, they are included in Net Income Available for Debt Service as defined in the Indenture. See Appendix D – Summary of Certain Provisions of the Indenture and Indenture Definitions.

The following chart shows the Debt Service Coverage Ratios over the past 10 completed fiscal years including and excluding closure and post-closure costs.

Mid-Shore Regional Landfill
Debt Service Coverage Ratios
(Fiscal Years Ending June 30)
(Expressed in Thousands)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Non-Operating Revenue	Depreciation	Available for Debt Service	Debt Service[2]	Closure/ Post-Closure	Coverage Ratio Including Closure/ Post-Closure	Coverage Ratio Excluding Closure/ Post-Closure[4]
2020[1]										
2019	8,679	5,678	3,001	326	722	4,106	2,801	1,273	1.47	1.92
2018	7,901	4,832	3,069	73	637	3,509	1,867	917	1.88	2.13
2017	6,878	4,449	2,429	17	605	3,051	1,913	675	1.59	1.95
2016[3]	6,244	7,258	(1,014)	13	692	(309)	1,911	2,732	(0.16)	1.27
2015	5,803	3,896	1,907	10	920	2,837	1,909	138	1.49	1.56
2014	5,687	4,556	1,131	44	943	2,118	1,534	890	1.38	1.96
2013	5,160	4,161	999	49	1,050	2,098	1,535	598	1.37	1.76
2012	6,258	5,123	1,135	13	1,052	2,200	1,420	989	1.55	2.25
2011	7,067	9,687	(2,620)	30	3,799	1,209	173	608	7.00	10.52

(1) *2020 forecast*

(2) *Debt service includes debt service obligations for the Bonds and the 2011 MWQFA Bonds.*

(3) *The Service funds closure and post-closure costs from annual operating revenue, and funds any costs that exceed the current year's operating revenue from reserves held by the Service in the Mid-Shore Regional Landfill Private Purpose Trust Fund. See table "Mid-Shore Regional Landfill Private Purpose Trust Fund Audited Financial Results Changes in Net Position". Closure and post-closure costs are included in Total Costs under the Service Agreements, but are not included in the calculation for debt service coverage ratio under the Indenture.*

(4) *As defined in the Trust Indenture. See Appendix D for Summary of Certain Provisions of the Indenture and Indenture Definitions.*

Source: Maryland Environmental Service Office of Finance.

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V. Debt and Capital Requirements

General

The bonds and notes issued by the Service are limited obligations of the Service, payable solely from revenues of the Service received in connection with the respective projects financed or refinanced, and do not constitute general obligations of the Service to the payment of which the full faith and credit of the Service is pledged. The Service has never defaulted in the payment of the principal of or interest on any of its bonds or notes.

The Service expects to finance and refinance a variety of projects eligible for financing under the Act, other than the Mid-Shore II Landfill and any Additional Facilities which may be financed under the Indenture. The Service intends to issue other series of bonds and notes for such purpose. Each such series may be issued pursuant to an indenture or indentures separate and apart from any other indenture, except to the extent a series of bonds may be issued on a parity with bonds of another series if permitted by the applicable indenture. [Unless such indebtedness is issued under the Indenture, the Trust Estate will not be pledged on a parity basis to secure said indebtedness.]

Debt Service Requirements

The following table sets forth for each year ending June 30: (i) the amount required for the payment of principal due on the Series 2011 Bonds (all or a portion of which will be refunded by the Series 2020 Bonds), Series 2011A Bond, the Series 2014 Bonds and the Series 2018 Bonds on the immediately succeeding November 1.

Fiscal Year	Outstanding Debt Service Requirements	Series 2020 Bonds		
		Principal	Interest	Total
2021	$2,744,412			
2022	2,740,587			
2023	2,741,362			
2024	2,743,437			
2025	2,743,937			
2026	2,740,437			
2027	2,740,649			
2028	2,741,487			
2029	2,739,862			
2030	2,744,261			
2031	2,742,564			
Total	$30,162,992			

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Future Financing Plans

It is anticipated that Cell #3 (the cell that was financed with the proceeds of the Series 2018 Bonds) will reach capacity in 2025; therefore design of Cell #5 is expected to begin in 2023 with construction expected to start in 2024. The Service projects that Cell #5 will be able to accept waste through the end of the Mid-Shore II Landfill life which ends in 2030 as set out in the Service Agreements. Therefore, the Service does not anticipate that the fifth cell ("Cell #1") will need to be developed unless the Mid-Shore Counties agree to extend the agreed upon 20 year term of the Mid-Shore II Landfill through the extension of the Service Agreements. The Service cannot anticipate whether the Mid-Shore Counties would agree to an amendment to the Service Agreements. Design and construction of each additional landfill cell that comes online may require the issuance of additional bond financing or other form of indebtedness sufficient to pay the costs incurred.

The following chart shows the expected size and the estimated cost of Cell #5 and Cell #1.

	Approximate Expected Acres	Estimated Cost
Cell #5	9.2	$5,453,709
Cell #1	16.7	9,476,265

Source: Maryland Environmental Service Environmental Operations Division

The Service has determined that the following mobile equipment will likely need to be replaced with the indicated frequency during the life of Mid-Shore II Landfill. Equipment is expected to be funded with a combination of financing (and repaid from Revenues) and excess revenues from operations.

	Useful Life	Estimated Cost
Landfill Compactor	7 years	$1,200,000
Landfill Dozer	5 years	400,000
Front End Loader	5 years	375,000
Excavator	5 years	400,000

Source: Maryland Environmental Service Environmental Operations Division

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VI. Miscellaneous

Litigation

There is no litigation pending, or to the knowledge of the Service, threatened, wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Series 2020 Bonds, the Trust Indenture, or the Service Agreements (including the payment and collection of Landfill Revenues, as set forth therein) or (ii) the tax-exempt status of the interest on the Series 2020 Bonds. No litigation is pending in any court seeking to restrain or enjoin (i) the authorization, issuance or delivery of the Series 2020 Bonds, (ii) contesting the authority or proceedings for the authorization or issuance of the Series 2020 Bonds or their validity, (iii) the creation, organization, corporate existence or powers of the Service, or (iv) the title of any of the present officers of the Service to their respective titles.

Ratings

Standard & Poor's Corporation has assigned a rating of ["__" (Stable)] to the Series 2020 Bonds. A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2020 Bonds. An explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. No assurance can be given that such ratings will remain in effect for any given period of time or that they may not be reduced or withdrawn by the rating agencies, or either of them, if in the judgment of such rating agencies circumstances so warrant. Any downward change in or withdrawal of such rating could adversely affect the market price or marketability of the Series 2020 Bonds.

Continuing Disclosure Undertaking

In connection with the issuance of the Series 2020 Bonds, the Service will undertake for the benefit of the owners (including beneficial owners) of such Series 2020 Bonds to provide certain continuing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Service will execute and deliver, on or before the date of issuance and delivery of the Series 2020 Bonds, a Continuing Disclosure Agreement (the "Service Continuing Disclosure Agreement"), the form of which is attached as Appendix E. Each Mid-Shore County agrees to execute and deliver, on or before the date of issuance and delivery of the Series 2020 Bonds, a Continuing Disclosure Agreement (a "County Continuing Disclosure Agreement," and together with the Service Continuing Disclosure Agreement, the "Continuing Disclosure Agreements"). The form of the Continuing Disclosure Agreement for the Mid-Shore Counties is attached as Appendix F.

[During the past five (5) years, the Service inadvertently omitted certain operating data for 2015, 2016 and 2017 required to be filed annually as part of its filings under its existing continuing disclosure agreement executed in accordance with Rule 15c2-12 in connection with its Series 2011 Bonds (the "2011 Disclosure Agreement") and subsequently did not provide notice of such failure to file. However, the Service timely filed its annual audited financial statements as required under the 2011 Disclosure Agreement. In connection with the Series 2018 Bonds, the Service retained the services of Digital Assurance Certification, LLC ("DAC") for a review of the Service's compliance with its disclosure filings. The Service retained the services of DAC to assist with the supplemental filings to provide all such omitted information and the Service has implemented procedures to prevent further omissions. The Service has made all required filings under its existing continuing disclosure agreement executed in connection with the Series 2018 Bonds.

During the past five (5) years, while Queen Anne's County timely filed its 2015, 2016 and 2017 annual audited financial statements in connection with its own outstanding bonds, it did not link its annual audited financial statements by CUSIP to the Service's Series 2011 Bonds and subsequently did not provide notice of such failure to file with respect to the Service's Series 2011 Bonds. During the past five (5) years, Kent County omitted to file its 2015, 2016 and 2017 annual audited financial statements required to be filed annually under its existing continuing disclosure agreement executed in connection with the Service's Series 2011 Bonds and did not provide notice of such failure to file. In connection with the Series 2018 Bonds, Queen Anne's and Kent Counties made supplemental

filings to provide all such omitted information. During the past five (5) years, each of Caroline County and Talbot County timely filed its annual audited financial statements required to be filed under its respective continuing disclosure agreement executed in connection with the Service's Series 2011 Bonds. During the past five (5) years, each of Queen Anne's County, Kent County, Caroline County and Talbot County has timely filed its annual audited financial statements required to be filed under its respective continuing disclosure agreement executed in connection with the Service's Series 2018 Bonds.]

Sale at Competitive Bidding

The Series 2020 Bonds were offered by the Service at a competitive bidding on _____, 2020, in accordance with the Official Notice of Sale (the form of which is included as Appendix G). The interest rates shown on the front cover of this Official Statement are the rates provided in the winning bids for the Series 2020 Bonds. Prices or yields shown on the front cover of this Official Statement are based solely on information supplied to the Service by the successful bidder(s) with respect to the sale price of the Series 2020 Bonds established on the date the Series 2020 Bonds were competitively bid. Additional information concerning the terms of offerings of the Series 2020 Bonds, if any, including prices or yields, should be obtained from the successful bidders and not from the Service. See Appendix G - Official Notice of Sale attached hereto.

Legal Matters

Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland, is acting as Bond Counsel in connection with the issuance of the Series 2020 Bonds. The proposed form of Bond Counsel's approving opinion appears as Appendix B. Certain legal matters will be passed upon for the Service by the Office of the Attorney General of Maryland.

Financial Advisor

PFM Financial Advisors LLC, Philadelphia, Pennsylvania (the "Financial Advisor"), serves as financial advisor in connection with the issuance of the Series 2020 Bonds and other matters related to the Service's finances. The Financial Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2020 Bonds. The Financial Advisor has received and reviewed but has not independently verified information in this Official Statement for accuracy or completeness (except the information in this section). Investors should not draw any conclusions as to the suitability of the Series 2020 Bonds from, or base any investment decisions upon, the fact that the Financial Advisor has advised the Service with respect to the Series 2020 Bonds. The Financial Advisor is a financial advisory and consulting organizations and not an organization engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

Verification of Mathematical Computations

On behalf of the Service, BondResource Partners, LP (the "Verification Agent") will verify the mathematical computations relating to (a) computation of the forecasted receipts of principal and interest on the Government Obligations and cash held uninvested in the Escrow Deposit Fund and the forecasted payments of principal, redemption premium (if any) and interest on the Series 2011 Bonds, and (b) computation of the yields on the applicable Series 2020 Bonds and such Government Obligations. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome

Legality of the Series 2020 Bonds for Investment and Deposit

The Act provides that the Series 2020 Bonds are securities in which all public officers and public units of the State and its political subdivisions and all banks, trust companies, savings and loan associations, investment companies and others carrying on a banking business, all insurance companies, insurance associations and others

carrying on an insurance business, all personal representatives, guardians, trustees, and other fiduciaries, and all other persons may legally and properly invest funds, including capital in their control or belonging to them. The Act also provides that the Series 2020 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any unit or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

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Miscellaneous

The attached Appendices A through F are integral parts of this Official Statement and should be read in their entirety together with the foregoing information.

The Service and the Office of the Attorney General of Maryland have reviewed the information contained herein and have approved this Official Statement.

The execution and delivery of this Official Statement by the Director of the Service has been duly authorized by the Service.

MARYLAND ENVIRONMENTAL SERVICE

By: /s/ Dr. Charles Glass, Ph.D.
Name: Dr. Charles Glass, Ph.D.
Title: Director

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APPENDIX A
CERTAIN INFORMATION CONCERNING THE COUNTY COMMISSIONERS OF CAROLINE COUNTY, MARYLAND, THE COUNTY COMMISSIONERS OF KENT COUNTY, MARYLAND, THE COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY, MARYLAND, AND TALBOT COUNTY, MARYLAND

Caroline County

General

The County is a body politic and corporate and a political subdivision of the State of Maryland which performs all local government functions in Caroline County except those performed by the County's ten incorporated municipalities.

Caroline County is situated on Maryland's Eastern Shore, midway between Maryland's northern and southern borders and the Chesapeake Bay and the Atlantic Ocean, and is one of the five counties that comprise the Upper Eastern Shore. It shares the historic Mason-Dixon Line with Delaware on its eastern border. It is bordered on the north by Queen Anne's County, on the west by Talbot County and on the south by Dorchester County. The County is 321 square miles in area and is approximately 10 miles wide and 28 miles long at its midsection. The County seat and principal town is Denton with an estimated 2018 population of 4,493. Denton is located 61 miles east of Baltimore and is 75 miles from Washington, D.C. Maryland Route 404 runs through the County and connects with U.S. 50 and U.S. 13. The County is also served by rural arterial U.S. 301 and connections to the national freight rail network. Caroline County is in the Atlantic Coastal Plain and its land area includes level terrain with streams and rivers flowing into the Chesapeake Bay.

The County is rural in character with vegetable, grain, and poultry farming as its major industry. For the past 40 years, Caroline County has diversified its economic base through the growth of manufacturing, warehousing and distribution, health care, and retail sectors. The County's population was 27,035 in 1990 and 29,772 in the 2000 census. According to the 2010 census, the County's population was 33,036, which represents an increase of about 11% since 2000. The 2018 census population estimate is 33,304 indicating a stable population since the 2010 census.

The County is governed by an elected three-member Board of County Commissioners of Caroline County. In 1984, the citizens of Caroline County voted to establish the County as a Code Home Rule county. Home Rule allows the County to exercise the power of self-government over purely local matters.

The executive offices of the County are located at 109 Market Street, Denton, Maryland 21629. The County's central telephone number is (410) 479-0660. The County's internet address is www.carolinemd.org. Audited financial statements and budget documents can be found at this website. Audited financial statements for fiscal year 2006 and earlier can be obtained by contacting the Caroline County Office of Finance, 109 Market Street, Room 123, Denton, Maryland 21629. The Office of Finance can be reached at the County's central telephone number.

Revenues and Expenditures

General

According to the County's Comprehensive Annual Financial Reports, the County's principal source of revenues is taxes, 54% of which are derived from ad valorem property taxes. The second and third largest sources of revenue are revenues received from income taxes and revenue from intergovernmental revenue, which comprised approximately 30% and 9%, respectively, of total tax revenues in fiscal year 2019.

The following chart shows general fund revenues, expenditures, and changes in fund balance for the five most recent fiscal years for which audited financial statements are available.

General Fund
Statement of Revenues and Expenditures and Changes in Fund Balance

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Revenues					
Taxes	$45,153,313	$41,917,094	$41,182,166	$40,572,9592	$39,463,249
Licenses & Permits	211,197	187,713	224,509	212,338	186,124
Intergovernmental Revenues	3,973,177	3,935,794	3,862,407	3,961,330	3,976,803
Charges for Services	733,182	796,880	797,806	805,283	825,888
Miscellaneous	316,525	235,010	247,758	1,464,876	69,474
Total Revenues	$50,387,393	$47,072,491	$46,314,758	$47,464,876	$44,521,538
Expenditures					
General Government	5,616,084	5,311,026	5,320,842	6,239,431	5,072,952
Public Safety	13,935,780	13,642,510	13,302,368	12,851,297	12,262,282
Public Works	3,618,645	3,537,962	3,283,484	3,196,722	3,241,282
Health	476,879	469,014	471,281	612,838	452,838
Social Services	218,478	216,853	218,653	146,828	138,128
Primary Education	14,436,087	14,204,725	13,983,229	13,765,180	13,437,486
Secondary Education	1,677,564	1,625,341	1,659,666	1,582,243	1,527,319
Public Library	1,213,728	1,176,153	1,147,435	1,132,435	1,090,000
Recreation & Parks	931,239	954,794	931,814	915,915	909,950
Arts	5,000	5,000	5,000	5,000	5,000
Conservation of Natural Resources	141,968	139,104	136,414	135,413	134,413
Interfaith housing	0	6,000	6,000	6,000	6,000
Economic Development	108,842	108,842	218,967	246,600	242,850
Contingency	120,404	218,885	319,456	406,760	79,000
Debt Service:					
Principal	2,599,526	2,664,561	2,499,565	2,676,471	2,509,085
Interest and fiscal charges	918,556	1,012,561	1,097,700	950,304	1,028,383
Total Expenditures	46,018,781	$45,293,331	$44,601,874	44,869,437	$42,136,968
Excess of Revenues Over Expenditures	4,368,612	1,779,160	1,712,772	2,147,249	2,384,570
Other Financing Sources (Uses):					
Transfers in / (out)	3,448,529	(825,653)	(1,116,424)	(987,075)	(1,091,336)
Total Other Financing Sources	3,448,529	(825,653)	(1,116,424)	(987,075)	(1,091,336)
Net change in Fund Balances	920,084	953,507	596,348	1,160,174	1,293,234
Fund Balance, Beginning	10,183,058	9,162,739	8,578,142	7,332,915	6,122,253
Change in reserve for materials and supplies	63,164	66,812	(11,751)	85,053	(82,572)
Fund Balances, Ending	$11,166,306	$10,183,058	$9,162,739	$8,578,142	$7,332,915

Source: Caroline County Office of Finance.

Assessed Value and Tax Rates

The following table sets forth the assessed value of all taxable property in the County for the five most recent fiscal years ended June 30 for which audited financial statements are available. Assessed value of tax-exempt properties owned by Federal, State, and local governments, churches, schools, fraternal organizations, cemeteries, disabled veterans and the blind, aggregating approximately $324,634,902 for fiscal year 2019, are not included in the table. Under applicable law, there are no tax limits with respect to the property taxes set forth in the table. Currently, there is no residential personal property tax in Maryland.

Assessed Value
Fiscal Year Ended June 30

	2019	2018	2017	2016	2015
Assessable Base					
Real Property	$2,528,361,128	$2,485,985,965	$2,478,199,130	$2,479,932,938	$2,489,098,343
Personal Property:					
Individual	0	0	0	0	0
Railroad and Public Utility	69,126,280	63,843,530	58,751,070	60,524,420	58,873,700
Business Corporations	0	0	0	0	0
Total Property	$2,597,487,408	$2,549,829,495	$2,596,950,200	$2,540,457,358	$2,547,972,043

Source: Caroline County Tax Office

County real property tax rates for fiscal years 2015 through 2019 are shown in the following table:

Property Tax Rates
(Per $100 of Assessed Value)

	2019	2018	2017	2016	2015
Unincorporated Areas	$0.98	$0.98	$0.98	$0.98	$0.96
Town of Denton	0.91	0.91	0.92	0.92	0.90
Town of Federalsburg	0.88	0.89	0.89	0.90	0.89
Town of Greensboro	0.91	0.91	0.91	0.92	0.90
Town of Preston	0.97	0.95	0.95	0.95	0.93
Town of Ridgely	0.90	0.91	0.91	0.92	0.90
Towns of Marydel, Henderson, Goldsboro, Hillsboro & Templeville	0.98	0.98	0.98	0.98	0.96

Source: Caroline County Tax Office.

Tax Levies and Collections

County taxes are billed as of July 1 of each fiscal year. Taxpayers of owner-occupied residential real property and commercial property may choose to pay on a semiannual or annual basis. The County records property tax revenues as the taxes are billed. Any taxes that remain unpaid 60 days after the close of the fiscal year are reclassified from revenues to deferred revenues as required by the National Council on Governmental Accounting Interpretation 3.

Semi-annual taxpayers making their second installment payments after September 30 are required to pay a service and administrative fee with the second semi-annual payment. The service fee must be set at a rate that generates revenues not in excess of the lost interest income associated with the three-month delay in payment. The administrative fee is 10% of the service fee. Taxes are considered in arrears as of January 1 and a one-time penalty of 3% is charged plus a 1% interest charge is assessed for each month that the tax remains unpaid.

Delinquent taxes are collected, after several prior notices of delinquency, by tax sale conducted by the appointed Tax Collector in the month of June following the year of billing. Buyers of tax sale property are required, by law, to institute suit in the Circuit Court for Caroline County in order to foreclose upon a property.

The following table sets forth certain pertinent information in respect to the County's tax levies and tax collections each of the five most recent fiscal years ended June 30 for which audited financial statements are available:

Fiscal Year Ended June 30	Total Tax Levy	Current Year Taxes Collected in Year of Levy	% of Levy Collected During Year	Collected in Subsequent Years	Total Collections	% of Current Year Taxes Collected Current & Prior
2019	$25,846,147	$25,752,918	99.6%	$ 0	$25,752,918	99.6%
2018	25,323,742	25,240,019	99.6	39,023	25,279,042	99.8
2017	25,279,362	25,214,782	99.7	33,200	25,247,982	99.9
2016	25,235,902	25,152,021	99.6	53,656	25,205,677	99.9
2015	24,806,792	24,704,319	99.5	70,204	24,774,523	99.9

Source: Caroline County Tax Office.

County's Largest Taxpayers

The following table sets forth a list of the County's 10 largest taxpayers with respect to ad valorem property taxes for fiscal year 2019:

Ten Largest Principal Taxpayers
(Real and Personal Property Taxes)
Fiscal Year Ended June 30, 2019

Name of Taxpayer*	Assessed Value	Tax Amount	Percentage of Total Assessed Valuation
Choptank Electric	$31,803,930	$778,244	3.07%
Delmarva Power and Light	31,406,930	753,017	2.97
Verizon Maryland	6,138,390	150,391	0.59
Walmart	15,195,700	138,281	0.55
BOP Denton Plaza LLC	12,319,867	112,111	0.44
Isar SCC Distribution	10,067,200	88,671	0.35
East Star LLC	8,026,267	76,591	0.30
Burris Foods.	6,802,800	65,687	0.26
Denton RE, LLC	6,924,100	63,009	0.25
H&M Bay, Inc.	6,254,900	53,099	0.21
Total	$134,940,084	$2,279,101	8.99%

* The information set forth above was compiled from tax rolls on which the names of owners are not always recorded in the same way.
Source: Caroline County Tax Office.

Income Tax

The State imposes an income tax on the adjusted gross income of individuals for Federal income tax purposes, subject to certain adjustments. In 2007 the Maryland General Assembly enacted the Tax Reform Act of 2007. The current State rate of tax is 2% on the first $1,000 of taxable income, 3% on the second $1,000 and 4% on the third $1,000. Taxable income is subject to a State income tax rate on income from $3,001-$200,000 at 4.75%, from $200,001-$350,000 at 5%, from $350,001-$500,000 at 5.25%, and over $500,000 at 5.5%.

Pursuant to State law, each county and Baltimore City must levy a local income tax at the rate of at least 1%, and may levy such tax at a rate not to exceed 3.20% for tax years 2002 and thereafter, of taxable income of individuals domiciled in their respective jurisdictions. This tax is collected by the State and forwarded to the taxing subdivisions. The County rate was set at 3.2% of the State taxable income for the tax year beginning January 1, 2018, and has remained the same for calendar year 2019. The rate was increased to create a funding source for

capital projects, specifically a new Sheriff's Office, subsequent renovation of the Detention Center, and the replacement of Greensboro Elementary School. The County does not levy a local income tax on corporations.

In fiscal year 2019, the County received $16,362,611 in income tax revenue.

State and Federal Financial Assistance

During fiscal year 2019, $841,033 was received from the State for use as operating funds for public works and roads. These funds were derived from the highway users' gas tax. Budgeted revenue from this source for fiscal year 2020 is $870,634.

The County received $3,676,249 in grants from the Federal and State governments for use as operating funds for certain other purposes during fiscal year 2019. The majority of these monies were received through the State Equity Grant and State Aid for Fire Companies. Use of State Equity Grant funds in the amount of $2,131,782 was at the County's discretion. Budgeted other Federal and State aid is $4,767,093 for fiscal year 2020. The additional $1.2 million in disparity is due to the County increasing the income tax rate to 3.2%.

In fiscal year 2019, the Caroline County Board of Education received $56,318,690 in State funds and $9,199,624 in Federal funds for operating and food service expenses. The Board of Education also received $363,847 from the State for school construction. The budgeted figures for fiscal year 2020 are $62,483,398 in State funds and $8,219,811 in Federal funds with $11,738,500 requested for school construction.

Other Local Taxes

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended 2019 were $1,792,365. The County also received General Fund revenues from a franchise tax in the amount of $181,612 for fiscal year 2019 and a mobile home tax in the amount of $69,327 for fiscal year 2019.

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Budget

For fiscal year 2021, the County has an approved Current Expense Budget of $56,749,994, which is partially supported by a property tax rate of $0.98 for unincorporated areas of the County, and tax rates ranging from $0.97 to $0.89 cents in certain incorporated areas depending upon police coverage; all rates are based on $100 of assessed value. The current fiscal year's budget represents an 5% increase from the previous fiscal year. This increase is due to the County changing its income tax rate to 3.2%. By doing so, the County expects to receive an additional $2.2 million in income tax revenues, as well as an additional $1.2 million in Disparity Grant funds from the State. This increased revenue is primarily intended to provide pay-go funding for the construction of the new Sheriff's Office, which will be completed in 2020. Thereafter, the increased revenue is intended to provide a funding stream to offset the costs of the debt service associated with the replacement of Greensboro Elementary School and improvements to the Detention Center. The Capital Budget for the same period is $30,303,437. The Capital Budget has an appropriation from the Current General Fund Expense Budget of $4,605,056.

The following tables compare the actual results for fiscal year 2019 against the approved budgets for fiscal years 2020 and 2021 for the General Fund.

General Fund Revenue Budget Data for Fiscal Years 2019, 2020, and 2021

	Actual Fiscal Year 2019	Approved Budget Fiscal Year 2020	Approved Budget Fiscal Year 2021
Revenues			
Property Tax	$25,906,365	$26,498,484	$27,307,500
Income Tax	16,362,611	16,170,000	18,050,000
Other Local Taxes	2,043,304	2,070,000	2,047,000
State Shared Taxes	841,033	870,634	899,143
Licenses and Permits	211,196	419,000	211,500
Federal Government	97,730	174,000	174,000
Grants State Government	3,578,519	4,767,093	4,952,546
Other Grants	296,928	678,848	645,105
Charges for Services	733,182	840,687	883,400
Miscellaneous	331,525	178,553	347,720
Transfers In	1,071,940	1,096,580	1,232,080
Revenue Total:	$51,474,333	$53,763,879	$56,749,994

Source: Caroline County General Fund Budgets – Fiscal Years 2019-2020.

General Fund Expense Budget Data for Fiscal Years 2019, 2020, and 2021

	Actual Fiscal Year 2019	Approved Budget Fiscal Year 2020	Approved Budget Fiscal Year 2022
Expenses			
County Commissioners	$666,058	$538,777	$563,615
Economic Development	142,721	148,037	154,971
Ethics Commission	126	200	200
Courts	511,237	551,512	566,550
States Attorney	772,578	827,736	854,495
Elections	445,058	495,050	512,830
State Department of Assessments & Tax	128,096	147,329	147,329
Tax Office	324,321	334,879	339,397
Office of Finance	424,155	359,872	431,009
Office of Law	232,852	224,785	231,252
Office of Human Resources	471,993	607,539	600,936
Planning and Codes Administration	785,298	940,547	960,702

General Services	226,204	226,400	172,425
Agency Reimbursement Salaries	0	0	0
Technology	484,797	522,977	531,289
Sheriff	3,057,437	3,678,230	3,928,616
Courthouse Security	227,940	0	0
School Resource Officers	188,564	215,985	326,807
Adult Offender Community Service Program	18,348	24,422	24,145
SRO Full Time	113,034	116,859	0
SRO Elementary	38,606	414,900	386,951
Fire Companies	1,774,013	1,882,804	2,034,576
Jail	3,395,482	3,654,307	4,011,022
Animal Control	162,130	191,937	197,693
Emergency Services	4,652,496	5,444,840	5,719,270
Humane Society	249,489	249,489	266,314
Liquor Licensing	58,242	74,327	77,653
Public Works	3,618,645	3,703,403	3,948,553
Health	476,879	485,508	485,507
Social Services	218,478	274,201	291,161
Education	16,113,651	17,027,854	17,346,888
Recreation	602,220	720,024	754,532
Parks	329,019	311,004	323,825
Arts	5,000	5,000	5,000
Library	1,213,728	1,233,728	1,258,728
Extension Service	141,968	147,259	151,304
Housing Services	0	0	0
Economic Development	108,842	108,842	105,842
Debt Service	3,518,082	3,533,001	4,337,819
Intergovernmental	15,590	15,600	15,600
Contingency	120,404	429,890	530,866
Transfers Out	5,520,468	3,894,825	4,154,322
Expense Total:	$50,554,249	$53,763,879	$56,749,994

Source: Caroline County General Fund Budgets – Fiscal Years 2019-2020

Retirement and Pension Programs

The County Commissioners created the Caroline County Defined Benefit Pension Plan and Trust (the "Plan") as of July 1, 1969. The Plan was renamed the Caroline County, Maryland Employees Pension Plan as of January 1, 2003 and has been amended multiple times, most recently as of July 1, 2016. Prior to inception of the Plan, County employees were covered under a County Pension Benefit Plan or the Employees' Retirement System of the State of Maryland (the "State Retirement System"). Only the Roads Department employees were covered under the State Retirement System of which there are no current employees.

All of the County's permanent employees who work at least 32 hours per week (excluding Library, Board of Education employees, and elected and certain appointed officials) participate in the Plan, which is a single-employer, defined benefit plan. The Plan's consultant is Marquette Associates, Inc. The custodian bank and Plan administrator is M&T Bank.

All employees, except for the above exclusions, are eligible to participate in the Plan immediately upon employment. Employees promoted within County government to an appointed role remain eligible to participate in the Plan. Appointed officials hired from outside of County government are not eligible to participate in the Plan and instead participate in a defined contribution deferred compensation plan subject to the terms of their individual employment contracts.

Under the provisions of the Plan, pension benefits vest 0% for the first five years of service, 50% at the end of the fifth year of service, and an additional 10% at the end of each year until 100% vesting occurs after year 10.

Employees hired prior to September 16, 1997 are 100% vested with five years of service. Employees hired before July 1, 2013 may retire when they have 30 years of service (25 years for police and public safety employees), or when they reach age 62 and have five years of service and receive benefits equal to the following formula: 1.6% of the participant's final average earnings multiplied by the participant's years of credited service. Employees hired after July 1, 2013 may retire upon reaching age 60 with 30 years of service or reaching at age 65 with 5 years of service; police and public safety employees may retire upon reaching age 55 with 25 years of service or reaching age 62 with 5 years of service.

All new employees as of July 1, 2013 contribute 5% of their per pay compensation less $384.62. All employees hired subsequent to July 1, 2013 contribute 0.5% of their per pay compensation less $384.62 with an additional 0.5% added every year until the 5% is obtained. In fiscal year 2020 such employees are contributing 3.5%.

The following is a schedule of funding progress for the Plan for the five most recent years for which information is available:

Plan Year	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
July 1, 2018	$ 23,852,643	$ 29,632,557	$ 5,779,914	80.49%	$ 7,847,893	73.65%
July 1, 2017	22,756,654	28,484,657	5,728,003	78.89	7,802,787	73.41
July 1, 2016	21,418,382	26,427,786	5,009,404	81.04	7,045,906	71.10
July 1, 2015	19,085,964	24,941,191	5,855,227	76.52	7,091,152	82.57
July 1, 2014	17,772,982	23,355,749	5,582,767	76.10	7,048,232	79.21

Source: Actuarial Valuation as of July 1, 2018. Bolton Partners, Inc.

As of July 1, 2018, the funded percentage was approximately 80.49%. The market value of assets was approximately $23,852,643 and the actuarial accrued liability was approximately $29,632,557.

The following table sets forth the County's contributions to the Plan for the five most recent fiscal years ended June 30 for which information is available:

Date	Required Contribution	Actual Contribution	Percent Contributed
2019	$ 833,493	$ 1,110,000	133.17%
2018	904,935	1,090,000	120.45
2017	815,360	1,048,518	128.60
2016	858,125	2,143,000[1]	249.73
2015	901,900	1,122,871	124.50

[1] The County transitioned to the State of Maryland Health Plan and in fiscal year 2016 received the distribution of its reserve funds from its previous plan, the ESMEC Health Insurance Trust, the bulk of which was deposited in the Plan.

Source: Caroline County Office of Finance.

For additional information on the Plan, refer to Note 8 to the County's Comprehensive Annual Financial Report for fiscal year 2019.

The County makes an annual contribution to the State Retirement System for its share of the liability for the former employees who were in the system. The County is required to pay the State Retirement System $26,620 annually until fiscal year 2020. There is no outstanding liability under the County, the last payment will be made

during fiscal year 2020. There is no outstanding liability under the Pension Benefit Plan in effect prior to July 1, 1969. As of July 1, 2009, the Sheriff's Department moved its retirement plan to the State LEOPS plan and $387,832 of the current pension system assets were transferred to that state plan. The County is required to contribute a set percentage of pay of covered employees to the State LEOPS plan each year. For fiscal year 2019 this rate was 31.43%.

In addition to the retirement and pension systems, all employees of the County, including general, elected and appointed, participate in the Federal Insurance Contributions Act ("FICA").

Other Post-Employment Benefits

Caroline County recognizes the financial significance of GASB Statement 43 and Statement 45 and has developed a plan to address the unfunded OPEB liability. The County is a phase II county and the effective date for GASB 45 was the fiscal year ending June 30, 2009. An irrevocable Trust has been set up with M&T Bank and is administered by the OPEB Board with Marquette Associates providing consulting services. The Trust balance was $6,691,590 as of June 30, 2019. The plan is over 170% funded.

For additional information on OPEB, refer to Note 9 to the County's Comprehensive Annual Financial Report for fiscal year 2019.

The Board of Education of Caroline County contracted with the Bolton Partners, Inc. to calculate its post-retirement medical and life insurance benefits actuarial valuation as of June 30, 2019. The total other post-employment benefits liability is $99,328,111 with $1,337,244 held in trust, resulting in a net other post-employment liability of $97,990,867. The Board of Education's contributions are financed on a pay-as-you-go basis. The County's obligation for funding any portion of this liability has yet to be determined.

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The County Commissioners of Kent County, Maryland

General

The County is a body politic and corporate and a political subdivision of the State of Maryland which performs all local government functions in Kent County except those performed by the County's five incorporated municipalities. The County is governed by an elected three-member Board of County Commissioners. In 1970, the citizens of the County voted to establish the County as a code home rule county. Home rule allows the County to exercise the power of self-government over purely local matters.

Kent County is situated on Maryland's Eastern Shore and borders the Chesapeake Bay on the west, Cecil County on the north, New Castle County, Delaware on the northeast, Kent County, Delaware on the southeast, and Queen Anne's County on the south, and is one of the five counties that comprise the Upper Eastern Shore. The County is approximately 277 square miles in area. The County seat is Chestertown with an estimated 2017 population of 5,064.

The County's population was 17,842 in the 1990 census, 19,197 in the 2000 census, and 20,191 in the 2010 census, which represents an increase of 13.17% over the 20 year span. The 2019 census estimate reflects that the County's population has decreased to 19,422.

The executive offices of the County are located at 400 High Street, Chestertown, Maryland 21620. The County's central telephone number is (410) 778-4600. The County's internet address is www.kentcounty.com. Audited financial statements can be obtained by contacting the Kent County Office of Finance at the above address or online at the website. The telephone number for the Office of Finance is (410) 778-7478.

Revenues and Expenditures

General

The County's principal source of revenue is taxes, which constitute approximately 96 percent of total General Fund revenues. In 2019, 65 percent of total General Fund Revenues was from local property taxes. The second largest source of revenue is local income taxes, which represented 27 percent of all General Fund revenue in fiscal year 2019.

During the five most recent fiscal years ended June 30, 2019, revenue from property taxes, as a percentage of total General Fund revenue, fluctuated between 64 percent and 65 percent. Local income taxes have fluctuated between 27 percent and 28 percent of total General Fund revenue over the same period.

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The table on the following page shows the various sources of revenue for the five most recent fiscal years in which an audit is available ended June 30:

KENT COUNTY, MARYLAND
SUMMARY OF REVENUES AND EXPENDITURES
GENERAL FUND

	2019	2018	2017	2016	2015
Revenues					
Real Property taxes	$30,627,922	$30,207,075	$29,986,484	$29,951,731	$29,888,083
Local Income taxes	12,848,398	12,736,121	12,986,434	12,232,681	12,973,495
Other local taxes	2,027,105	2,040,410	1,940,611	1,887,866	2,029,337
State shared taxes		0		228,948	222,422
Licenses & Permits	355,703	311,801	339,840	325,727	318,992
Intergovernmental	521,276	486,071	481,635	355,329	281,589
Service Charges	648,122	518,187	562,664	566,523	479,299
Fines and Forfeitures	31,611	40,001	13,275	14,955	14,042
Miscellaneous	415,190	320,749	247,641	267,072	184,973
Total Revenues	$47,475,327	$46,660,415	$46,558,584	$45,830,832	$46,392,232
Expenditures					
General Government	6,076,800	5,935,503	5,839,756	5,933,329	5,508,352
Public Safety	10,575,495	10,020,685	9,191,745	9,218,102	8,909,921
Public Works	5,000,005	5,230,995	4,655,262	4,999,428	4,432,819
Health	498,751	477,612	431,471	431,515	424,682
Social Services	429,802	373,718	394,389	356,327	363,373
Education	17,734,289	17,710,564	17,613,193	17,982,973	17,759,230
Recreation	1,582,307	1,616,176	1,507,011	1,491,414	1,446,267
Libraries	662,196	680,389	626,098	611,828	596,027
Resource Conservation and Development	349,513	344,044	353,331	358,600	356,154
Housing and Urban Development	0	0	2,107	5,358	82,101
Economic Development	252,166	145,238	129,135	313,314	32,758
Tourism	351,175	417,733	412,450	364,992	355,400
Debt Service	1,783,558	1,739,586	1,739,566	1,739,545	4,273,734
Intergovernmental	101,524	121,360	3,576		
Miscellaneous	62618	(163,593)	134,807		
Total Expenditures	$45,460,199	$44,650,010	$43,033,897	$43,806,725	$44,540,818
Other Financing Sources (Uses)					
Transfers from other funds	19,225	9,078	50,278	38,661	16,756
Transfers to other funds	(2,104,593)	(5,761,636)	(4,375,949)	(1,635,774)	(2,104,665)
Proceeds from sales of fixed assets					
Proceeds from loans and capital leases	512,815				
Total Other Financing Sources (Uses)	($1,572,553)	($5,752,558)	($4,325,671)	($1,597,113)	($2,087,909)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	$442,575	($3,742,153)	($800,984)	$426,994	($236,495)

Source: Kent County Audited Financial Statement for fiscal years 2015-2019.

County's Largest Taxpayers

The table below, for fiscal years 2019, indicates the ten largest taxpayers in the County and gives their total property tax bill and the percent to the total tax levy.

Taxpayer	2019 Tax Bill	% of Total Tax Levy
Delmarva Power and Light	$796,146	2.68%
PUMH of Maryland Inc	432,056	1.46%
Choptank Eletric Co-op, Inc	227,608	0.77%
Verizon-MD	201,389	0.68%
SGM Realty	156,849	0.53%
Kent Plaza Association	144,019	0.49%
Kent Crossing	125,111	0.42%
Kent Research and Mfg. Inc	118,760	0.40%
415 Morgnec Road LLC	116,531	0.39%
Washington College	94,366	0.32%
Ten Largest Taxpayers	**$2,412,835**	**8.14%**

Source: Kent County Office of Finance.

Tax Levies and Collections

County taxes are due and payable as of July 1 of each fiscal year and the County records property tax revenues as the taxes are billed. Such taxes become delinquent on October 1 in the fiscal year of billing. Delinquent taxes are satisfied, after prior notice of delinquency, at tax sales conducted by the County in the year of delinquency.

The following table sets forth certain information with respect to the County's tax levies and tax collections for each of the five most recent fiscal years ended June 30.

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2019	29,654,082	28,109,410	94.8%	n/a	28,109,410	94.8%
2018	30,429,820	29,090,693	95.6%	1,231,306	3,0321,999	99.7%
2017	30,232,217	28,922,743	95.7%	1,220,302	30,143,045	99.7%
2016	30,125,879	28,783,368	95.5%	1,209,614	29,992,982	99.6%
2015	29,891,994	28,612,997	95.7%	1,216,362	29,829,359	99.8%

Source: Kent County Office of Finance.

Income Taxes

The State imposes an income tax on the adjusted gross income of individuals for Federal income tax purposes, subject to certain adjustments.

Each county and Baltimore City is authorized pursuant to State law to levy a local income tax at the rate of at least 1.0%, but not more than 3.2%, of the State adjusted gross income of individuals domiciled in their respective jurisdictions. Kent County has levied an income tax of 2.85% for calendar year 2019.

For fiscal year 2019, the County received $12,848,398 in income tax revenue.

Other Local Taxes

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended 2019 were $1,107,219. The County also receives general fund revenues from taxes levied on property transfers which amounted to $701,906 in fiscal year 2019, admission and amusement taxes which amounted to $14,705 in fiscal year 2019 and a lodging tax which amounted to $78,285 in fiscal year 2019.

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Budget

For fiscal year 2020, the County has an approved General Fund Budget of $50,818,280, which is partially supported by a real property tax rate of $1.022. The Capital Budget for the same period is $6,036,874.

The table below displays the General Fund Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget.

KENT COUNTY, MARYLAND
GENERAL FUND BUDGETS

	Budget 2019	Budget 2020
Revenues		
Real and Personal Property taxes	$30,940,168	$31,500,426
Income taxes	12,986,400	13,850,000
Other local taxes	2,114,848	2,403,500
Licenses & Permits	333,825	325,522
Intergovernmental Funding	267,758	789,304
Service Charges	496,698	561,302
Fines and Forfeitures	10,500	22,800
Miscellaneous	230,012	311,673
Rainy Day Funds		
Total Revenues	$47,380,209	$49,764,527
Expenditures		
General Government	6,319,321	7,026,841
Public Safety	10,730,359	11,142,355
Public Works	5,291,253	5,547,746
Conservation of Health	501,514	502,199
Social Services	409,016	464,213
Education	18,374,727	19,413,494
Parks, Recreation and Culture	1,654,967	1,787,370
Library	662,196	685,526
Conservation of Natural Resources	349,513	359,422
Tourism and Economic Development	637,613	637,661
Debt Service	1,238,400	1,275,325
Intergovernmental	215,173	103,576
Miscellaneous	438,882	412,654
Transfers to Other Funds	2,222,805	1,459,898
Total Expenditures	$49,045,739	$50,818,280
Excess (Deficiency) of Revenues over Expenditures	($1,665,530)	($ 1,053,753)

Source: Kent County Budget for fiscal years 2019-2020.

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Retirement and Pension Plans

Substantially all full and permanent part-time employees of Kent County and its related agencies are covered by one of the statewide contributory systems of the State of Maryland.

Alternate Contributory Pension System – This plan covers employees hired after June 30, 2002, plus eligible employees with service as of July 1, 2002. Members may retire with full benefits after completing 30 years of eligible service regardless of age or at age 62 or older with specified years of eligible service. On retirement from service, a member shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service. A member may retire with reduced benefits after attaining age 55 and completing fifteen years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance at age 62.

Reformed Contributory Pension System – This plan covers employees hired after June 30, 2011. Members may retire with full benefits when their years of eligible service and age equal 90 or at age 65 or older with 10 years of eligible service. On retirement from service, a member shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service. A member may retire with reduced benefits after attaining age 60 and completing fifteen years of eligible service. A member terminating employment before attaining retirement age, but after completing ten years of eligible service, becomes eligible for a vested retirement allowance at age 65.

Law Enforcement Officer's Pension System (LEOPS) – This plan covers law enforcement employees hired after June 30, 2002, plus eligible employees with service as of July 1, 2002. Members may retire after 25 years of service or at age 50 with at least 5 years of service. A member who joined prior to July 1, 2011 is eligible for vesting after 5 years of service; however, the contribution must be left in the Retirement System in order to qualify for benefits at age 50. A member who joined on or after July 1, 2011 is eligible for vesting after 10 years of service; however, the contribution must be left in the Retirement System in order to qualify for benefits at age 65.

Obligations to contribute to the plan were established under Title 21 and Title 26 of the Annotated Code of Maryland – State Personnel and Pensions. Members of all three pension plans contributed 7% of their gross regular employee compensation during fiscal year 2019.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to all three State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for the year ending June 30, 2019 is based on salaries for the year ending June 30, 2018. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees.

Other Post-Employment Benefits ("OPEB")

The County's Other Post-Employment Benefit Plan (OPEB) is an agent multiple-employer defined benefit healthcare plan whose assets are held by Queen Anne's County, Maryland. An employee retiring from Kent County Government on or after July 2, 2002, who has accumulated thirty (30) years of service or more and sworn deputies who retire through the Law Enforcement Officers Pension System (LEOPS) with twenty-five (25) or more accumulated years of County service will be eligible to receive the same health benefits as provided to current full-time or permanent part-time employees, whichever is applicable. In so doing, the County will pay the same percentage of premium for an employee retiring as a full-time employee as it pays to current full-time employees, and will pay the same percentage for an employee retiring as a permanent part-time employee as it pays to current permanent part-time employees. In fiscal year 2019 the County paid 100% of retiree's health, dental, and vision premiums. Additionally, the County paid 60% of retiree's dependents health premiums and 55% of retiree's dependents dental and vision premiums.

On June 9, 2009, the County Commissioners authorized the establishment of a trust to fund costs of health insurance and any other post-employment benefits provided to eligible retirees of the County. The participants of the trust include: the County, the County Commissioners of Queen Anne's County (Queen Anne's County), the Queen Anne's County Free Library and the Board of Education of Queen Anne's County.

Kent County's contribution includes the pay-as-you-go premiums for current retirees and the trust contributions for future retirees. Both of these figures are determined annually as part of the budget process. In fiscal year 2019 Kent County contributed $273,508 ($273,508 for pay-as-you-go premiums and $0 to the trust). Plan members receiving benefits contributed $34,640.

The County's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that:

Total OPEB Liability	**2019**	**2018**	**2017**
Service cost	$ 582,369	$ 567,667	$ 717,357
Interest cost	469,677	439,652	380,019
Changes in benefit terms	-	-	-
Differences between expected and actual experience	2,394,312	878	(26,927)
Changes in assumptions	1,968,477	(101,182)	(1,933,327)
Benefit payments	(273,508)	(191,243)	(190,365)
Net change in total OPEB liability	5,141,327	715,772	(1,053,243)
Total OPEB liability - beginning of year	13,091,722	12,375,950	13,429,193
Total OPEB liability - ending of year	$ 18,233,049	$ 13,091,722	$ 12,375,950
Plan Fiduciary Net Position			
Contributions - employer	$ 273,508	$ 191,243	$ 190,365
Net investment income	2,262	315	297
Benefit payments	(273,508)	(191,243)	(190,365)
Net change in fiduciary net position	2,262	315	297
Fiduciary net position - beginning of year	157,645	157,330	157,033
Fiduciary net position - ending of year	$ 159,907	$ 157,645	$ 157,330
Net OPEB liability	$ 18,073,142	$ 12,934,077	$ 12,218,620
Fiduciary net position as a % of total OPEB liability	0.88%	1.20%	1.27%
Covered-employee payroll 1)			
Net OPEB liability as a % of payroll 1)			

Notes to Schedule:

Benefits changes: none

Changes in assumptions: none

Discount rate:	
6/30/2018	3.62%
6/30/2019	3.13%

1) Because this OPEB plan does not depend on salary, we do not have salary information

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The County Commissioners of Queen Anne's County, Maryland

General

Queen Anne's County, located on the Eastern Shore of Maryland, was formed in 1706 and was named after Queen Anne, then reigning Queen of England. The County is governed by an elected five-member Board of County Commissioners of Queen Anne's County under Maryland's Code Home Rule form of government. Both the executive and legislative functions of the County are vested in the elected five-member Board of County Commissioners. Commissioners are elected on a county-wide basis and serve four-year terms.

The County in 1990 adopted the Code Home Rule form of government provided in Article XI-F of the Maryland Constitution and Article 25B of the Annotated Code of Maryland. Under this form of government, the Board has the authority to enact, amend, and repeal local laws relating to the incorporation, organization, and government of the County, including laws authorizing the issuance and sale of bonds to finance capital projects for the County. Each member of the Board has one vote and, except for emergency bills, a simple majority of the Board is sufficient to enact any bill into law.

The County is linked to the Western Shore by the Chesapeake Bay Bridge. The County has a land area of 373 square miles and more than 258 miles of waterfront. Queen Anne's County is bordered by Kent County, Maryland to north, Kent County, Delaware to the east, Talbot County to the south, Caroline County to the southeast and the Chesapeake Bay to the west.

The County is predominately rural in character, but has experienced significant growth within the last two decades. According to the County's Division of Land Use and Zoning, the County's population has increased 4.3% from 2010 to 2019. The County seat is Centreville.

The administrative offices of the County are located at the Liberty Building, 107 North Liberty Street, Centreville, Maryland 21617. The County Commissioners' office telephone number is (410) 758-4098 and the website is www.qac.org. Financial information, including audited financial statements and budget documents can be found on the website.

Revenues and Expenditures

General

According the County's Comprehensive Annual Financial Report for fiscal year 2019, the County's principal source of revenue is local taxes, which constitute 93.4 percent of total General Fund operating revenue for fiscal 2019: 49.0 percent from real property taxes, 38.4 percent from local income taxes, and 6.0 percent from other local taxes. For fiscal year 2020, taxes are budgeted to constitute 94.4 percent of total General Fund revenue with 49.3 percent from real property taxes, 39.2 percent from local income taxes, and 5.9 percent from other local taxes.

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The following table shows the actual results of the General Fund on a GAAP basis for the five most recent fiscal years ended June 30.

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (GAAP BASIS)

Revenues:	Actual 2019	Actual 2018	Actual 2017	Actual 2016	Actual 2015
Property Taxes	$ 70,577,908	$ 67,907,999	$ 66,466,862	$ 64,912,515	$ 64,643,520
Other Local Tax Revenues	63,988,950	60,157,946	56,600,456	52,553,603	48,242,213
Licenses & Permits	684,773	625,285	617,124	624,570	615,401
Intergovernmental Revenue	2,192,929	2,463,238	2,275,157	2,921,350	2,636,169
Service Charges & Miscellaneous	6,666,589	5,209,383	5,438,995	3,272,627	3,261,256
Total Revenues	$ 144,111,149	$ 136,363,851	$ 131,398,594	$ 124,284,665	$ 119,398,559
Expenditures and Encumbrances:					
General Government	$ 9,049,637	$ 8,838,705	$ 8,623,708	$ 7,840,346	$ 7,081,681
Public Safety	25,012,214	23,911,335	22,639,315	22,422,112	21,929,943
Public Works	9,249,052	9,273,925	9,349,496	9,062,612	8,458,784
Health	1,832,104	1,971,460	1,967,956	1,992,208	1,822,856
Social Services	368,219	350,383	327,518	292,978	284,474
Education	58,897,367	57,377,211	56,052,311	54,645,127	53,020,064
Parks	3,529,332	3,642,267	3,432,961	3,084,985	2,754,492
Recreation	776,564	633,019	631,020	578,735	505,892
Conservation of Natural Resources	580,298	575,039	565,938	530,028	517,319
Economic Development	648,486	809,247	684,218	307,515	279,687
Library	1,833,513	1,765,190	1,684,820	1,597,000	1,432,500
Intergovernmental	469,695	484,263	376,540	374,387	302,377
Debt Service	12,365,502	11,385,665	12,133,842	11,163,243	11,247,009
Miscellaneous	5,260,260	4,864,305	3,809,112	4,392,335	3,233,208
Total Expenditures	$ 129,872,243	$ 125,882,014	$ 122,278,755	$ 118,283,611	$ 112,870,286
Other Financing Sources (Uses):					
Proceeds of Sale of Capital Assets	36,846	41,547	52,624	16,808	75,098
Insurance Proceeds	-	35,175	12,241	120,865	57,916
Net Operating Transfers	(11,264,690)	(7,113,354)	(5,958,687)	(4,351,333)	(3,885,945)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,011,065	3,445,205	3,226,017	1,787,394	2,775,342
Fund Balance Prior Year, as restated	32,048,258	26,210,260	22,984,243	21,196,849	18,421,507
ENDING FUND BALANCE	$ 35,059,323	$ 29,655,465	$ 26,210,260	$ 22,984,243	$ 21,196,849

Source: Comprehensive Annual Financial Reports for Fiscal Years 2015-2019.

Property Taxes and Assessments

The assessment of all real property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency.

For state and county real property tax purposes, real property is valued at market value. Beginning in fiscal year 1992, a Homestead Tax Credit is applied to each owner-occupied residence which limits the amount that assessments may increase. The increase is limited to a range from 0% to 10%, which is set by the Queen Anne's County Commissioners annually. For fiscal years 2005 and 2006, the limit was set at the maximum of 10%. Beginning in fiscal year 2007, the limit was 5% for County property tax purposes. In adopting the fiscal year 2011 budget, the County Commissioners reduced the Homestead Tax Credit from 105% to 100%, and lowered the property tax rate from 77 cents to 76.1 cents, the Constant Yield Rate. In fiscal year 2012, the County Commissioners raised the property tax rate by 8 cents, to 84.7 cents. The Homestead Tax Credit was raised to 105% for FY2013. All property is physically inspected once every three years and any increase in full cash value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

The County levies a personal property tax on personal property used to generate electricity for sale, and also assesses personal property tax on the operating personal property of public utilities.

The following table sets forth the assessed value of all taxable property in the County for each of its five most recent fiscal years and the County and State tax rates (per $100 of assessed valuation) applicable in each of those years.

Assessed Value	**2019**	**2018**	**2017**	**2016**	**2015**
Total Base	$ 8,264,514,461	$ 7,974,395,138	$ 7,792,264,218	$ 7,626,510,532	$ 7,568,705,234
County Tax Rate (per $100)	$ 0.8471	$ 0.8471	$ 0.8471	$ 0.8471	$ 0.8471
State Tax Rate (per $100)	$ 0.112	$ 0.112	$ 0.112	$ 0.112	$ 0.112

Source: State Department of Assessments and Taxation

Tax Levies and Collections

County taxes are due and payable as of July 1 of each fiscal year and the County records property tax revenues as the taxes are billed. A 100% allowance for uncollectibles is established for prior year taxes receivable. Beginning October 1, a penalty (at the rate of 1% per month) is charged for each month or fraction thereof that taxes remain unpaid for the current year. Such taxes become delinquent on October 1 in the fiscal year of billing. Delinquent taxes are satisfied, after prior notice of delinquency, at tax sales conducted by the County in the year of delinquency.

The following table sets forth certain information with respect to the County's tax levies and tax collections for each of the five most recent fiscal years ended June 30.

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2019	$68,887,556	$68,778,389	99.8%	$0	$68,778,389	99.8%
2018	66,768,776	66,721,619	99.9%	30,434	66,752,053	99.9%
2017	65,217,648	65,107,115	99.8%	108,618	65,215,733	99.8%
2016	63,799,184	63,647,407	99.8%	81,393	63,728,797	99.9%
2015	63,338,629	63,231,601	99.8%	69,696	63,301,297	99.9%

Source: Queen Anne's County Comprehensive Annual Financial Report 2019.

County's Largest Taxpayers

The table below, for fiscal year 2019, indicates the ten largest taxpayers in the County and gives the assessed valuation of their property.

Taxpayer	2019 Assessed Valuation	% of Total Tax Levy
Second Horizon Group Limited Partnership	$74,919,500	0.94%
KRM Development Corporation	29,424,900	0.37%
Aspen Institute for Humanistic Studies	23,918,700	0.30%
Kent Island LLC	16,885,163	0.21%
Maryland General Land Co LLC	15,395,067	0.19%
Great American Life Insurance Co	14,461,733	0.18%
Beach Harbor Campers Co-Operative	12,711,100	0.16%
Anne Arundel Real Estate Holding Co	11,248,033	0.14%
Shore Health System Inc	10,246,700	0.13%
Mears Point Association	10,051,200	0.13%
Ten Largest Taxpayers	**$219,262,096**	**2.75%**

Source: Queen Anne's County Comprehensive Annual Financial Report 2019.

Income Taxes

The State imposes an income tax on the adjusted gross income of individuals for Federal income tax purposes, subject to certain adjustments.

Each county and Baltimore City is authorized pursuant to State law to levy a local income tax at the rate of at least 1.0%, but not more than 3.2%, of the State adjusted gross income of individuals domiciled in their respective jurisdictions. Queen Anne's County has levied an income tax of 3.2% since calendar year 2012.

For fiscal year 2019, the County collected $55,282,162 in income tax revenues.

Other Local Taxes

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended 2019 were $5,806,760. The County also receives revenues from taxes levied on amusement admission charges which amounted to $155,913 in fiscal year 2019, a hotel tax which amounted to $650,613 in fiscal year 2019, and also a transfer tax which amounted to $2,093,502 in fiscal year 2019.

State and Federal Assistance

During fiscal year 2019, the County received from the state and federal governments $3,314,874 for use in the General Fund. Included in this amount were grants including a police protection grant and a fire/rescue/ambulance grant. Also included in this amount is $319,362 for the reimbursement of bond interest through the Build America Bond program.

Budget

For fiscal year 2020, the County has an approved General Fund Budget of $144,373,465, which is partially supported by a real property tax rate of $0.8471. The General Capital Budget for the same period is $17,268,881.

GENERAL FUND
STATEMENT OF BUDGET AND ACTUAL OPERATIONS
(NON GAAP BASIS)

	FY 2019 BUDGET (FINAL)	FY 2020 BUDGET (ADOPTED)
Revenue:		
Local Property Tax	$ 68,914,949	$ 68,732,149
Local Income Tax	55,262,625	55,847,412
Public Utility Tax	1,653,000	1,600,000
Admission and Amusement Tax	170,000	171,700
Hotel Tax	614,865	626,200
Franchise Fee	481,992	500,000
Recordation Taxes	5,802,551	5,531,750
Transfer Taxes	2,092,880	2,012,894
State Shared Taxes/Highway User	1,116,866	1,166,193
Licenses and Permits	645,200	643,564
Intergovernmental	2,366,775	2,050,000
Service Charges	2,913,120	2,819,000
Miscellaneous Revenue	2,031,761	1,050,000
Transfers In	1,050,000	1,200,000
Fund Balance	709,824	422,603
Total Revenue, Transfers In, and Fund Balance	**$145,826,408**	**$144,373,465**
EXPENDITURES		
County Administration	$ 5,618,938	$ 5,925,836
Community Services	3,097,287	3,039,875
Planning and Zoning	2,013,408	1,982,269
Public Safety	14,186,380	15,025,517
Public Works	10,479,333	10,726,267
Parks	5,256,119	5,519,695
Board of Education	56,884,381	59,491,381
State's Attorney's Office	1,299,263	1,350,207
4-H Park	84,350	84,200
Sheriff's Office	8,328,546	8,542,824
Orphan's Court	96,039	99,148
Circuit Court	603,006	619,595
Fire Protection & Rescue	3,758,617	3,949,818
Chesapeake College	2,012,987	2,061,413
QAC Free Library	1,833,513	1,889,225
Board of Elections	755,818	942,694
Health Department	2,340,412	2,438,149
Social Services	368,907	174,298
Soil Conservation Service	284,646	213,144
UMD Extension Service	291,732	338,328
Debt Service	12,492,394	13,073,092
Benefits / OPEB	2,917,788	3,428,854
Transfer to Capital/Other	8,412,761	524,013

Contingency	498,074	1,050,000
Other Expenditures	1,911,709	1,883,623
Total Expenditures and Transfers	**$145,826,408**	**$144,373,465**
Surplus (Deficit)	**$ 0**	**$ 0**

Source: Fiscal Years 2019 and 2020 Budget and Queen Anne's County Finance Department.

Retirement and Pension Programs

Virtually all full and eligible part-time employees of the County and its related agencies are covered by one of the statewide contributory pension systems of the State.

The County participates in the following cost-sharing multiple-employer pension plans that are administered by the State.

The Employees Pension System of the State of Maryland (the "Pension System") was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as retirement system participants who have voluntarily joined the Pension System.

The Employees Contributory System of the State of Maryland (the "Contributory Pension System") was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the County elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Effective the first payroll in fiscal year 2007, the County elected to provide its employees with the Alternate Contributory Pension Selection Plan of the State of Maryland (the "Alternate Contributory Pension System"), under Title 23 of the State Pension Article. This plan is an enhanced version of the two pension systems described above, and, as such, includes provisions that originate in those plans. Eligible employees not covered by LEOPS, which is described below, are required to participate in this alternate plan in lieu of other plans previously offered. At this time, all current employees not covered by the Law Enforcement Officers Pension System ("LEOPS") participate in the Alternate Contributory Pension System.

LEOPS was established July 2, 1990 and adopted by the County on July 1, 2004. LEOPS currently covers uniformed law enforcement offices of the Sheriff's Department.

Under the terms of the Alternate Contributory Pension System, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

Under the terms of LEOPS, a member may retire with full benefits upon attaining age 50 or after completing 25 years of eligible service regardless of age. LEOPS members are not eligible for early service retirement allowances. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 50.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 1.8% for the Alternate Plan or 2.0% for LEOPS. The factor is applied per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under these plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues a comprehensive annual financial report that includes disclosures regarding: actuarial value of assets; total actuarial accrued liability; unfunded actuarial accrued liability, if any; and funded liability ratio. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland
120 E. Baltimore Street, Suite 1601
Baltimore, MD 21202-1600

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute 7% of their gross employee compensation.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to both State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for fiscal year 2019 is based on salaries for fiscal year 2018. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland Pension System Board of Trustees. The County's contributions for the past five fiscal years were equal to the actuarially determined amounts as follows:

COUNTY PENSION SYSTEM CONTRIBUTIONS
FOR FISCAL YEARS ENDING JUNE 30:

Retirement Plan Contributions	2019	2018	2017
Total Payroll	$ 31,534,609	$ 30,352,435	$ 29,066,823
Covered Payroll	26,185,838	26,088,825	24,681,589
Expenditure/Expense Pension	6,442,639	2,328,748	2,855,991

Source: Queen Anne's County Department of Finance.

Other Post Employment Benefits (OPEB)

The County joined with the County's Board of Education, the County's Free Library, and Kent County to create an OPEB Trust in fiscal year 2009. The trust holds and invests funds for the future; all current costs are paid from the County's various operating accounts. In fiscal year 2015, the County Commissioners approved the County joining the MACo (Maryland Association of Counties) OPEB Trust fund. All information presented in this section on other post-employment benefits refer to the Trust entitiy entitled "Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies" ("OPEB Trust"). A separate Trust document for the MACo OPEB Trust can be found on the MACo website at www.mdcounties.org.

Each participating agency has the authority to establish and amend benefit provisions that result in contribution requirements of the plan members and the agency. The plans are contributory plans in which the agencies and their retired members and beneficiaries contribute certain amounts toward the current cost of the healthcare benefits, based on actuarial valuation.

To avoid reporting a liability for the current year's contribution, each employer must contribute its annual required contribution ("ARC") each year, which is an amount actuarially determined to be in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Total County OPEB Liability
For Fiscal Years 2017-2019

	2017	2018	2019
Total OPEB Liability ("TOL")			
Service cost	$ 1,097,813	$ 1,130,747	$ 1,164,669
Interest	2,764,491	2,985,530	3,136,157
Changes in benefit terms	-	-	-
Experience losses	-	-	735,549
Changes in assumptions	-	265,899	915,266
Benefits payments	(1,291,027)	(1,498,005)	(1,568,468)
Net Change in total OPEB liability	2,571,277	2,884,171	4,383,173
Total OPEB liability – beginning of year	48,695,013	51,266,290	54,150,461
Total OPEB liability – end of year	$51,266,290	$54,150,461	$58,533,634
Plan Fiduciary Net Position ("PFNP")			
Contributions – employer	$ 2,223,474	$ 2,731,447	$ 3,037,243
Contributions – member	-	-	-
Net investment income	75,175	207,932	342,827
Benefit payments	(1,291,027)	(1,498,005)	(1,568,468)
Admin expenses	-	(2,452)	(39,142)
Other	-	-	-
Net change in plan fiduciary net position	1,007,622	1,438,922	1,772,460
Plan fiduciary net position – beginning of year	2,804,433	3,812,055	5,250,977
Plan fiduciary net position – end of year	3,812,055	5,250,977	7,023,437
Net OPEB liability ("NOL") – beginning of year	45,890,580	47,454,235	48,899,484
Net OPEB liability – end of year	$47,454,235	$48,899,484	$51,510,197
PFNP as a % of TOL	7.4%	9.7%	12.0%
Covered employee payroll	$21,604,888	$22,282,543	$23,843,440
NOL as a % of covered payroll	219.6%	219.5%	216.0%

Source: Queen Anne's County Comprehensive Financial Report for fiscal year 2019.

The Net OPEB Liability (NOL) of $51,510,197 at the end of the year for the County consisted of liabilities of $43,482,396 for Governmental Activities and $8,027,801 for Business Type Activities.

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The Schedule of Actual Employer Contributions presents multiyear trend information that shows whether the actual ARC contributed is increasing or decreasing over time relative to the annual pension cost, as shown by the percentage of ARC contributed. Generally, the greater this percentage, the stronger the system is becoming.

Queen Anne's County Schedule of Actual Employer Contribution as a Percentage of Covered-Employee Payroll

Fiscal Year	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency / (Excess)	Covered Employee Payroll	Contribution as a Percent of Payroll
2010	$ 6,410,934	$ 604,221	$ 5,806,713	$ 23,778,696	2.5%
2011	7,256,495	835,792	6,420,703	20,439,972	4.1%
2012	7,806,661	1,508,144	6,298,517	18,903,632	8.0%
2013	9,024,000	1,668,781	7,355,219	17,640,063	9.5%
2014	9,187,000	1,692,951	7,494,049	17,953,154	9.4%
2015	4,004,722	2,066,819	1,937,903	19,064,280	10.8%
2016	4,189,564	2,121,316	2,068,248	20,650,915	10.3%
2017	3,853,839	2,223,474	1,630,365	21,604,888	10.3%
2018	3,969,454	2,731,447	1,238,007	22,282,543	12.3%
2019	4,377,119	3,037,243	1,339,876	23,843,440	12.7%

Source: Queen Anne's County Comprehensive Financial report for fiscal year 2019.

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Talbot County, Maryland

General

Talbot County, located on Maryland's Eastern Shore, was visited by Captain John Smith in 1608 and settled by the English 50 years later. The County has a land area of 279 square miles and more than 600 miles of waterfront.

The County is predominately rural in character. In 2010 census, the population of the County was 37,782. The 2000 census showed a population of 33,812, an increase of 11.7% between 2000 and 2010. (See "DEMOGRAPHY AND ECONOMY - Population.") The County seat and principal city is Easton, with a 2010 population of 13,945.

Under home rule charter since 1973, the County is governed by the elected five-member County Council. The Council exercises the governmental powers, including the power to authorize the issuance of debt to finance capital projects, that are granted to charter counties by Article XI-A of the Maryland Constitution and Sections 10-101 et seq. of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement). (See "Form of Government.") The Council is also empowered to authorize the issuance of short term debt such as bond anticipation notes.

The executive offices of the County are located at the County Courthouse, 11 North Washington Street, Easton, Maryland 21601. The County Council's office telephone number is (410) 770-8001.

Revenues and Expenditures

General

The County's principal source of revenue is taxes, which constitute approximately 92 percent of total General Fund revenues. In 2019, 46 percent of total General Fund Revenues was from local property taxes. The second largest source of revenue is local income tax, which represented an estimated 32 percent of all General Fund revenue in fiscal year 2019.

During the five most recent fiscal years ended June 30, 2019, revenue from ad valorem property taxes, as a percentage of total General Fund revenue, fluctuated between 46 percent and 43 percent. Income taxes have fluctuated between 36 percent and 30 percent of total General Fund revenue over the same period. See "Financial Information - County Property Tax Limitation."

The table on the following page shows the various sources of revenue for the five most recent fiscal years ended June 30:

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TALBOT COUNTY, MARYLAND
GENERAL FUND
SUMMARY OF REVENUES

	2019	2018	2017	2016	2015
Taxes					
Local Property	$41,646,643	$38,574,339	$36,531,210	$35,280,376	$34,726,851
Local Income Tax	29,514,546	25,767,710	28,007,970	26,568,636	28,562,934
Local Other	12,107,793	12,354,244	12,859,841	11,340,994	10,706,846
Licenses & Permits	708,393	655,276	683,838	681,638	595,332
Intergovernmental Revenues	2,214,303	1,956,828	1,936,221	2,014,424	1,754,569
Service Charges	2,940,620	2,778,123	2,741,847	2,026,744	2,124,798
Miscellaneous	1,594,489	1,718,319	1,238,712	1,285,752	402,674
Total Revenues	$90,726,797	$83,804,839	$83,999,639	$79,198,564	$78,874,004
RATES					
Local Property	$0.6061	$0.5708	$0.5471	$0.5360	$0.5270
Local Income Tax—(Calendar Year)	2.40%	2.40%	2.40%	2.40%	2.40%

Source: Talbot County Comprehensive Annual Financial Reports 2015-2019
Note: Local Income Tax rates are now shown as a percentage of taxable income.

Property Taxes and Assessments

The assessment of all real and tangible personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency.

All real property is reevaluated once every three years and any increase in full cash value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

The County does not currently levy any tax on commercial and manufacturing inventory or tangible personal property.

The table below shows assessed value and tax rates for fiscal years 2010-2019.

TALBOT COUNTY, MARYLAND
ASSESSED VALUE AND TAX RATES

	Real Property		Public Utility Personal Property	
Fiscal Year	Assessed Value	Tax Rate	Assessed Value	Tax Rate
2019	$8,384,993791	$0.6061	$69,100,240	$1.5153
2018	8,365,734,487	0.5708	64,395,380	1.4270
2017	8,367,983,282	0.5471	64,786,610	1.3677
2016	3,354,090,629	0.5360	63,153,192	1.3400
2015	8,494,000,738	0.5270	62,229,920	1.3175
2014	8,812,185,090	0.5120	56,604,950	1.2800
2013	9,278,557,414	0.4910	59,473,730	1.2275
2012	9,710,928,300	0.4480	59,151,090	1.1200
2011	10,093,360,351	0.4320	58,123,220	1.0800
2010	10,076,574,525	0.4320	56,285,760	1.0800

Source: State of Maryland, Department of Assessments and Taxation

County Property Tax Limitation

On November 5, 1996, Article VI, Section 614 of the Charter, entitled "Tax Levy and Balanced Budget," was amended to read as follows:

"When the county budget is finally established by the Annual Budget and Appropriation Ordinance, the Council shall thereupon levy and cause to be raised the amount of taxes required by the current expense budget and the current portion of the capital budget in the manner provided by law so that the budget is balanced as to proposed income and expenditures.

Notwithstanding any other provisions of this Article of the Charter, from and after July 1, 1997, revenues derived from taxes on properties existing on the county real property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, by more than two percent, or by the Consumer Price Index for all urban customers (CPI-U) percentage of change for the latest calendar year, determined by the U.S. Department of Labor, whichever is lesser."

Tax Levies and Collections

County taxes are due and payable as of July 1 of each fiscal year. Such taxes become delinquent on October 1 in the fiscal year of billing. Delinquent taxes are satisfied, after prior notice of delinquency, at tax sales conducted by the County in June of each year. Beginning October 1, interest (at the rate of $^{2}/_{3}$ of 1% per month) is charged for each month or fraction thereof that taxes remain unpaid for the current year plus a $^{5}/_{6}$ of 1% monthly penalty for all unpaid County real property taxes due in that levy year.

The following table sets forth certain information with respect to the County's tax levies and tax collections for each of the five most recent fiscal years ended June 30.

TALBOT COUNTY, MARYLAND
PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Taxes Levied for the Fiscal Year	Amount Collected within the Fiscal Year of the Levy	Percentage of Levy Collected within the Fiscal Year of the Levy	Collections/ (Refunds/ Adjustments) in Subsequent Years	Amount of Total Collections to Date	Percentage of Levy of Total Collections to Date
2019.....	$41,746,371	$40,715,401	97.53%	$ -	$40,715,401	97.53%
2018.....	38,639,733	37,718,867	97.62	(2,668)	37,716,199	97.61
2017.....	35,775,649	35,760,252	99.96	50,680	35,810,932	100.10
2016.....	34,576,428	34,546,760	99.91	-	34,546,760	99.91
2015.....	34,024,027	33,996,787	99.92	5,080	34,001,867	99.93

Source: Talbot County Finance Office

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County's Largest Taxpayers

The table for fiscal year 2019 indicates the 10 largest taxpayers in the County and gives the assessed valuation of their property.

TALBOT COUNTY, MARYLAND
LARGEST TAXPAYERS
2019 FISCAL YEAR

Name	Assessed Value	% Of Total Taxable Levy
RDC Inn at Perry Cabin LLC	$21,536,233	0.26%
Remco Properties, LLC	14,556,700	0.17%
Easton Shoppes Business Trust.	13,867,800	0.17%
Bayleigh Chase	13,781,200	0.16%
Lowe's Home Centers, Inc	11,570,600	0.14%
Tred Avon, LLC	11,301,800	0.13%
Target Corporation	11,096,700	0.13%
Walmart Business Trust	10,669,000	0.13%
Fre USA LLC	10,501,500	0.13%
JDC Easton LLC	10,339,900	0.12%
Total-10 Largest Taxpayers	$129,221,433	1.54%

Source: Talbot County Finance Office

Property Tax Credit Programs

In 1990, the State of Maryland enacted legislation requiring counties to establish, for County purposes, a limit on the increase in taxable assessments of owner-occupied dwellings (principal residences). On an annual basis, each County must adopt a "homestead credit percentage" between 0 and 10% for purposes of local property taxation. For the taxable year beginning July 1, 2001, the County Council has established a Homestead Tax Credit percentage which limits the taxable assessment increase for owner-occupied dwellings to 0% over the taxable assessment of the prior year. This credit reduced the County's taxable assessments by $1,078,029,865 in fiscal year 2019; however, because of the County's property tax limitation, the County does not lose any property tax revenues due to the credit.

The State of Maryland also administers a tax credit program based on the ability of homeowners to pay property taxes. The program is available to all homeowners regardless of age for taxes on a principal residence. The tax credit amount is calculated based upon the amount by which state, county and municipal property taxes exceed a fixed percentage of the household income. In fiscal year 2018, County residents have received credits totaling $91,809 under this program. In fiscal year 2019, County residents have received credits totaling $105,105 under this program.

Income Taxes

The personal state income tax rate for Maryland residents is graduated up to 5.75%.

Each county and Baltimore City is authorized pursuant to State law to levy a local income tax at the rate of at least 1.25%, but not more than 3.2%, of the State adjusted gross income of individuals domiciled in their respective jurisdictions. The County currently levies a local income tax pursuant to the State law at the rate of 2.40% on the State taxable income of individuals domiciled in the County. The County does not levy a local income tax on corporations.

Other Local Taxes

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which are the transfer and recordation taxes on instruments conveying title to

property and securing debt. Revenues from these taxes in the fiscal year ended 2019 were $4,146,546 and $6,418,224, respectively. The County also receives revenues from taxes levied on amusement admission charges, mobile manufactured homes and hotel/motel room rentals. Revenues from all these sources in the fiscal year ended 2019 were $1,543,023.

State and Federal Assistance

During fiscal year 2019, the County received grants from the State of Maryland totaling $2,057,584. Two of the largest single categorical sources were $686,147 for Highway User Revenues and $255,541 from 911 fees collected on all telephone lines in the County. Also included in this aggregate total were $107,492 for police protection and $344,010 for fire and rescue services.

During fiscal year 2019, the County received $156,719 from the federal government for use as restricted grants. $115,863 of this total was for homeland security and other emergency management programs.

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General Fund

The chart below details the Summary of Revenues and Expenditures for Talbot County during the last five years.

TALBOT COUNTY, MARYLAND
GENERAL FUND
SUMMARY OF REVENUES & EXPENDITURES

	Actual 2019	Actual 2018	Actual 2017	Actual 2016	Actual 2015
Revenues					
Real Property taxes	$41,646,643	$38,574,339	$36,531,210	$35,280,376	$34,726,851
Local Income taxes	29,514,546	25,767,710	28,007,970	26,568,636	28,562,934
Other local taxes	12,107,793	12,354,244	12,859,841	11,340,994	10,706,846
Licenses & Permits	708,393	655,276	683,838	681,638	595,332
Intergovernmental	2,214,303	1,956,828	1,936,221	2,014,424	1,754,569
Service Charges	2,940,620	2,778,123	2,741,847	2,026,744	2,124,798
Miscellaneous	1,594,489	1,718,319	1,238,712	1,285,752	402,674
Total Revenues	$90,726,797	$83,804,839	$83,999,639	$79,198,564	$78,874,004
Expenditures					
General Government	8,737,326	8,430,809	7,737,734	7,366,357	6,017,033
Public Safety	18,470,168	16,793,056	16,823,611	16,268,566	13,188,860
Public Works	5,450,667	4,496,998	4,271,036	4,452,624	4,071,579
Health and Hospitals	2,524,694	2,515,712	2,509,541	2,529,554	2,422,530
Social Services	620,217	555,911	542,682	538,022	498,241
Education	46,570,251	44,537,382	43,218,065	42,566,720	41,665,005
Recreation	624,825	527,453	622,731	565,060	277,546
Conservation of Natural Resources	267,761	266,938	250,848	252,228	242,700
Intergovernmental	1,176,405	1,203,193	946,560	948,472	1,068,923
Employee Benefits	1,010,251	1,037,594	825,003	1,695,449	4,038,964
Miscellaneous	132,842	110,226	130,261	74,127	101,568
Debt Service	932,972	1,020,440	1,020,714	1,137,389	223,821
Reserve for Contingencies	34,030	22,990	114,433	81,219	41,972
Total Expenditures	$86,552,409	$81,518,702	$79,031,219	$78,475,787	$73,858,742
Other Financing Sources (Uses)					
Note(s) Issued	0	0	4,158	0	0
Issuance of Refunding Bonds	0	0	0	15,206,400	0
Bond Premium	0	0	0	1,327,418	0
Payments to Refunding Bond Escrow Agent	0	0	0	(16,410,830)	0
Transfers in (out)	(4,156,000)	(1,404,000)	(1,119,210)	(522,870)	(622,350)
Total Other Financing Sources (Uses)	$(4,156,000)	$(1,404,000)	$(1,115,052)	$ (399,882)	$ (622,350)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	$ 18,378	$ 882,137	$ 3,853,368	$ 322,895	$ 4,392,912

Source: Talbot County Comprehensive Annual Financial Reports for fiscal years 2015-2019.

Budget

The table below displays the General Fund budget for fiscal years 2019 and 2020.

Talbot County Maryland
General Fund
FY 2019-2020 Budgets

	Approved 2019	Approved 2020
Revenues		
Real Property Tax	$41,176,250	$44,006,750
Local Income Tax	25,600,000	26,500,000
Other Local Taxes	10,421,000	10,545,000
Licenses, Permits & Fees	650,000	663,900
Federal and State Grants	1,478,790	1,617,750
State Shared Taxes	673,510	733,340
General Government	2,592,750	2,677,750
Interest Income	300,000	550,000
Transfer from Development Impact Fund	500,000	200,000
Transfer from OPEB Fund	500,000	500,000
Unexpended Funds from Prior Years	7,775,000	3,963,460
Miscellaneous	371,450	370,250
Total Revenues	$92,038,750	$92,328,200
Expenditures		
Education	45,202,050	48,098,264
County Roads Maintenance	3,542,169	3,327,263
Public Safety & Judicial	20,411,314	21,525,814
Health Services	2,408,300	2,508,300
County Services	8,028,760	8,284,164
General Government	7,170,157	7,491,284
Reserve for Contingencies	600,000	600,000
Transfer to Capital Projects Fund	4,205,000	-
Transfer to Recreation Fund	451,000	473,111
Impact Fee Reserves	20,000	20,000
Total Expenditures	$92,038,750	$92,328,200

Source: Talbot County Budgets for fiscal years 2019 and 2020.

Other Post-Employment Benefits

The County provides post-retirement health care benefits under the Maryland Association of Counties Pooled OPEB Trust (the "Plan"), a multi-employer defined benefit healthcare, to retirees who meet the Maryland State Retirement System qualifications for full retirement benefits. Current County guidelines state that if the retiree has 16 or more years of state creditable service, the County will pay 90% of the health insurance cost for an individual and 85% of the health insurance cost for family coverage. If the retiree has between five and 16 years of state creditable service and retired directly from County service, the County reduces the portion it subsidizes by 1/16 per year. The County has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report as of this date.

The County also provides life insurance coverage to employees who retire from the County and who are members of the State Retirement and Pension Systems of Maryland. Coverage is limited to one times the employee's salary when they retire. The benefit is reduced to 65% of the salary at retirement at age 70 and 50% at age 75.

The Talbot County Public Schools Retiree Health Plan (the "Board of Education Plan") is a single-employer defined benefit healthcare plan that is administered by the Board of Education and covers retired employees of the Board of Education and their dependents. The Board of Education Plan provides for the payment of a portion or all of the health insurance premiums for eligible retired employees depending on their position that was held and length of service. The Board of Education has the authority to establish and amend benefit provisions of the Board of Education Plan. The Board of Education Plan does not issue a separate, publicly available report.

The Talbot County Free Library (the "Library") administers a single-employer defined benefit healthcare plan for its retirees. The plan provides healthcare insurance for eligible retirees and their spouses. Employees are eligible to participate in the plan upon retirement provided they have 10 years of service with the Library and meet the eligibility requirements of the State Retirement and Pension System of Maryland. As of July 1, 2017, the date of the actuarial valuation, four retirees were receiving benefits under the plan, and an estimated 17 active employees are potentially eligible to receive future benefits. Active members eligible to receive healthcare benefits are currently covered under the County's healthcare plan.

The County pays for the cost of post-retirement health care benefits under the Plan for eligible retirees and their dependents/family members on a pay-as-you-go basis from the general fund. Eligible retirees must pay for 10% of the cost for individual plans and 15% of the cost for employee/spouse or family coverage. For fiscal year 2019, the County paid for coverage of 66 eligible retirees and 47 dependents of retirees at a total cost to the County of $1,005,859 and eligible retirees contributed $143,161. The County has the authority to establish and amend the funding policy of the Plan.

Premiums and other contributions for the Board of Education's share of the cost of group programs may be paid, as determined by the Board, from the assets of the Board. Premium payments for some programs may require contributions by the participant as well as the Board. The frequency and amount of such contributions shall be established from time to time by the Board. Plan members receiving benefits contribute a percentage of the monthly insurance premium. The Talbot County Public School Retiree Health Plan pays 66% of the individual premium for each insured retiree who has at least 8 years of service. Retirees with less than 8 years of service are allowed access, but must pay 100% of the published rates.

The Library pays for 66.67% of the cost of eligible retiree healthcare premiums with the retiree paying the remaining portion of the cost. For fiscal year 2019, the Library contributed $16,387 to the plan for four eligible retirees.

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Schedule of Changes in Net OPEB Liability and Related Ratios
For Fiscal Years 2018-2019

	2018	2019
Total OPEB Liability ("TOL")		
Service cost	$ 506,402	$ 558,117
Interest	1,086,825	1,086,220
Benefit payments	(597,317)	(614,622)
Other changes	226,021	218,536
Net Change in total OPEB liability	1,221,931	1,248,251
Total OPEB liability – beginning of year	14,602,804	15,824,735
Total OPEB liability – end of year	$15,824,735	$17,072,986
Plan Fiduciary Net Position ("PFNP")		
Contributions – employer	$ -	$ -
Net investment income	790,394	724,755
Benefit payments	-	-
Administrative expense	(55,961)	(60,695)
Net change in plan fiduciary net position	734,433	664,060
Plan fiduciary net position – beginning of year	11,026,026	11,760,459
Plan fiduciary net position – end of year	11,760,459	12,424,519
Net OPEB liability – ending	$ 4,064,276	$ 4,648,467
PFNP as a % of TOL	74.32%	72.77%
Covered payroll	$13,058,200	$13,058,200
Net liability as a % of covered payroll	31.12%	35.60%

Source: Talbot Comprehensive Financial Report for fiscal year 2019.

Pension Plans

Generally, all regular employees of the County participate in the State of Maryland Employees Retirement and Pension Systems ("Employees Systems"). Teachers employed by the Board of Education generally participate in the State of Maryland Teachers Retirement and Pensions Systems ("Teachers Systems"). Both the Employees System and the Teachers Systems (collectively, the "Systems") are cost-sharing multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. The Maryland State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the systems. That report may be obtained by writing to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland, 21202.

Participants in the Systems may retire with full benefits after 30 years of service regardless of age or at various ages with specified years of eligibility service for reduced benefits. Annual service retirement allowances are paid monthly to retired members in accordance with allowance options selected based on average final compensation. Participants terminating in the retirement system prior to the specified retirement age are refunded their accumulated contributions plus earned interest or may defer receipt of accumulated contributions until age 60. Participants and their beneficiaries may also be eligible for disability and death benefits based on years of creditable service and average final compensation.

The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 7% of their covered salary. On-behalf payments consist of pension contributions made by the State of Maryland to the State Retirement System for applicable employees of the Board of Education and the Library.

During fiscal year 2019, the County reported expense of $1,190,162 and the Board of Education reported expense of $1,765,166.

Maryland State Retirement and Pension Systems
Schedule of the Proportionate Share of the Net Pension Liability ("NPL")

	2015	2016	2017	2018	2019
County's Percentage of the NPL	0.04601%	0.05197%	0.05245%	0.04929%	0.05546%
County Proportionate Share of the NPL	$8,165,742	$10,800,677	$12,374,154	$10,657,934	$11,636,717
County's Covered Payroll	$11,581,689	$11,975,128	$12,090,510	$13,376,509	$13,771,675
Proportionate Share as % of Covered Payroll	70.51%	90.19%	102.35%	79.68%	84.50%

Source: Talbot Comprehensive Financial Report for fiscal year 2019.

Maryland State Retirement and Pension Systems
Schedule of Contributions

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	$1,095,431	$1,021,694	$1,003,183	$1,105,945	$1,190,162
Actual Contribution	1,095,431	1,021,694	1,003,183	1,105,945	1,190,162
Contribution Deficiency (Excess)	-	-	-	-	-
Employer's Covered Payroll	11,581,689	11,975,128	12,090,510	13,376,509	13,771,675
Actual Contribution a % Covered Payroll	9.46%	8.53%	8.30%	8.27%	8.64%

Source: Talbot Comprehensive Financial Report for fiscal year 2019

Basis of Accounting

Governmental and agency funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both "measurable and available"). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are recorded when due, and the costs of accumulated unpaid vacation and sick leave which are reported as required by GASB Statement No. 16, "Accounting for Compensated Absences." Proprietary funds are accounted for on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Accounting Policies

The accounting policies of the County conform to Generally Accepted Accounting Principles ("GAAP") as applicable to governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

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APPENDIX B
PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2020

Maryland Environmental Service
Millersville, Maryland

Ladies and Gentlemen:

We have served as bond counsel to the Maryland Environmental Service (the "Service") in connection with the issuance by the Service of its [$9,335,000] Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020, dated _____, 2020 (the "Series 2020 Bonds"). As bond counsel, we have examined:

(i) Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "Act");

(ii) Resolution No. 20-__-__ of the Service adopted _____, 2020;

(iii) the Indenture of Trust dated as of February 1, 2011 (the "Original Indenture"), as supplemented by the Supplemental Indenture of Trust dated as of May 1, 2014 (the "Series 2014 Supplemental Indenture"), as further supplemented by the Second Supplemental Indenture of Trust dated as of August 1, 2018 (the "Series 2018 Supplemental Indenture"), and as further supplemented by the Third Supplemental Indenture of Trust dated as of _____, 2020 (the "Series 2020 Supplemental Indenture" and, together with the Original Indenture, the Series 2014 Supplemental Indenture and the Series 2018 Supplemental Indenture, the "Indenture"), all by and between the Service and The Bank of New York Mellon, as trustee (the "Trustee");

(iv) executed and authenticated Series 2020 Bonds;

(v) relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code");

(vi) relevant provisions of the Constitution and laws of the State of Maryland; and

(vii) such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

In rendering this opinion, we have also relied on the Service's Tax Regulatory and No Arbitrage Certificate (the "Tax Certificate"), dated this date, made on behalf of the Service by officers thereof with respect to certain material facts within the knowledge of the Service and certifications relating to the use and investment of the proceeds of the Series 2020 Bonds and the nature and use of the facilities financed with the proceeds of the Series 2020 Bonds, and the representations contained in certificates delivered by the financial advisor and underwriters relating to the Series 2020 Bonds. We believe that our reliance on such certificates is reasonable. We have made no independent investigation of the matters contained in such certificates.

We have made no investigation of, and are rendering no opinion regarding, the title to, or security interests in, real and personal property.

The terms of the Series 2020 Bonds are contained in the Indenture and the Series 2020 Bonds. Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

In rendering our opinions herein, we have assumed and relied upon the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or

certified by public officials acting within the scope of their official capacities and the accuracy of the representations and the opinions contained in the documents examined by us. We have also relied upon the legal opinion of the office of the Attorney General of Maryland to the effect that the Indenture [ESCROW AGREEMENT] has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Service, and we have assumed the corporate power and authority of the Trustee to authorize, execute and deliver, and to perform its obligations under, the Indenture and the due authorization, execution and delivery by the Trustee of the Indenture.

Based upon and subject to the foregoing, it is our opinion that:

(a) The Service is a validly created and existing body politic and corporate and public instrumentality of the State of Maryland.

(b) The Indenture has been duly authorized, executed and delivered by the Service and constitutes the valid and binding obligation of the Service. [ESCROW AGREEMENT]

(c) The Service is duly authorized and entitled to issue the Series 2020 Bonds. The Series 2020 Bonds executed and authenticated as provided in the Indenture have been duly and validly issued and constitute valid and binding special obligations of the Service, payable solely from Revenues and other amounts pledged to such payment under the Indenture. The Series 2020 Bonds constitute Additional Bonds issued within the limitations and provisions of the Indenture. The Series 2020 Bonds, the Series 2011 Bonds, the Series 2014 Bonds, the Series 2018 Bonds and any other Additional Bonds issued within the limitations and provisions of the Indenture are equally and ratably secured by the Indenture to the extent provided therein.

(d) The Indenture and the Series 2020 Bonds are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity.

(e) By the terms of the Act, the Series 2020 Bonds do not constitute a debt or a pledge of the faith and credit of the State of Maryland or of any political subdivision thereof. Neither the State of Maryland and any political subdivision thereof nor the Service shall be obligated to pay the Series 2020 Bonds or the interest thereon except from the Revenues and other amounts pledged to the payment of the Series 2020 Bonds under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2020 Bonds.

(f) By the terms of the Act, the Series 2020 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, at all times shall be exempt from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind, except that no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2020 Bonds, their transfer, or the income therefrom.

(g) Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and certifications and continuing compliance with certain covenants in the Tax Certificate, the interest on the Series 2020 Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. Interest on the Series 2020 Bonds is not subject to the federal alternative minimum tax. Interest on the Series 2020 Bonds may be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

(h) The Series 2020 Supplemental Indenture is authorized and permitted pursuant to the terms of the Original Indenture. The execution and delivery of the Series 2020 Supplemental Indenture and the issuance of the Series 2020 Bonds, in and of themselves, will not adversely affect the excludability from gross income, for federal income tax purposes, of interest on the Series 2011 Bonds, the Series 2014 Bonds or the Series 2018 Bonds. Please be advised, however, that we have made no investigation, and express no view, as to whether any events or circumstances (other than the issuance of the Series 2020 Bonds) have occurred or existed since the date of issuance of the Series 2011 Bonds, the Series 2014 Bonds or the Series 2018 Bonds, which would adversely affect the exclusion of the interest on the Series 2011 Bonds, the Series 2014 Bonds or the Series 2018 Bonds from gross income for federal income tax purposes. The exclusion from gross income of the interest on the Series 2011 Bonds, the Series 2014 Bonds and the Series 2018 Bonds for purposes of federal income taxation remains subject to the

exceptions and conditions set forth in the approving opinion rendered in connection with the original issuance of the Series 2011 Bonds, the Series 2014 Bonds and the Series 2018 Bonds.

In rendering the opinions expressed in paragraph (g), we have assumed continuing compliance with the covenants regarding federal tax laws and agreements set forth in the Tax Certificate, which are designed to meet the requirements (to the extent applicable to the Series 2020 Bonds) of the Code and the regulations thereunder or applicable thereto. Noncompliance with such requirements could cause interest on the Series 2020 Bonds to become subject to federal income taxes retroactively to their date of issuance and adversely affect the price of the Series 2020 Bonds in the secondary market. Bond Counsel will assume no responsibility for, and will not monitor, compliance with the covenants and agreements set forth in the Tax Certificate.

Ownership of the Series 2020 Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, corporations (including S corporations having subchapter C earnings and profits), certain high income individuals and specified trusts and estates (with respect to the Medicare income tax computation), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or carried indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion as to these matters.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

This opinion may be relied upon by only the addressees hereof with regard to matters specifically set forth herein.

Very truly yours,

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APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE SERVICE AGREEMENTS AND SERVICE AGREEMENT DEFINITIONS

The following is a brief summary of certain provisions of the Service Agreements that each Mid-Shore County has entered into with the Service. It is not a complete recital of the terms of each Service Agreement and reference should be made to each Service Agreement for a complete statement of their respective terms. Use of the term "County" below is intended to apply to each Mid-Shore County under its respective Service Agreement. Words and terms used in this summary shall have the same meanings as in the Service Agreements, except where otherwise noted.

DEFINITIONS OF CERTAIN TERMS

Certain of the terms used in this Official Statement are defined in the Agreements. Certain terms are defined elsewhere in this Official Statement. In addition, the following terms from the Service Agreements have the following respective meanings in this Official Statement, unless a different meaning clearly appears from the context:

"Acceptable Waste" means:

(a) household garbage, trash, rubbish, refuse and offal of the kinds now normally collected or disposed of, or caused to be collected or disposed of, by the County, including, without limitation,

(i) oversized household items such as beds, mattresses, sofas, refrigerators and washing machines (which items may be delivered separately);

(ii) leaves, twigs, grass and plant cuttings;

(iii) branches, tree logs and wood;

(iv) items of discarded tangible personal property such as bicycles, baby carriages or occasional tires; and

(b) such types of commercial and light industrial waste as are now normally collected or disposed of, or caused to be collected or disposed of, by the County; and

(c) non-burnable construction material or demolition debris.

In no event shall Acceptable Waste include any materials that are Unacceptable Waste. At any time, the County and the Service mutually may agree that any materials initially defined as Unacceptable Waste will be reclassified as Acceptable Waste or any materials initially defined as Acceptable Waste will be reclassified as Unacceptable Waste.

"Agreement" means each Waste Disposal Service Agreement between the Service and each Mid-Shore County, each dated as of a date in May 2009, as the same may from time to time be amended, modified or supplemented in accordance with the terms of the Agreement.

"Alternative Site" means any sanitary landfill or other solid waste disposal facility of any type, other than the Mid-Shore II Landfill, owned by, and operated by or under contract with, the Service at which Acceptable Waste is accepted, stored or disposed of by the Service and which may be used by the Service for the purpose of providing solid waste disposal services to the County under the Agreement.

"Applicable Law" means any law, regulation, requirement or order of any federal, state or local agency, court or other governmental body applicable from time to time to the acquisition, design, construction, equipping, financing, ownership, possession or operation of the Mid-Shore II Landfill or the performance of any obligations under the Agreement or any other agreement entered into in connection therewith.

"Business Day" means any day other than a Saturday, a Sunday or a day on which either State or national banks in Maryland are not open for the conduct of normal banking business.

"Commercial Operations Date" means the date on which the Mid-Shore II Landfill is capable of receiving Acceptable Waste in accordance with Applicable Law; provided, however, that the Commercial Operations Date shall be no later than January 1, 2011, irrespective of whether the Mid-Shore II Landfill is capable at such time of receiving Acceptable Waste. The Service shall provide the County no less than fourteen (14) days' prior written notice of the Commercial Operations Date.

"Debt Service" means an amount equal to (i) the amount of any principal of and premium, if any, and interest on the Indebtedness or any other financing by or on behalf of the Service to finance costs related to the Mid-Shore II Landfill or any Alternative Site or the provision of services under the Agreement or the closure of the Mid-Shore I Landfill or the Hobbs Road Landfill plus (ii) fees and, expenses (including fees and expenses of counsel to the Service) of the Service, the Trustee, and any remarketing agent, letter of credit bank or other credit facility provider, and tender agent, if any, for the Indebtedness and administrative fees and expenses of the Service under the Trust Indenture and any other financing documents relating to the Indebtedness.

"Disposal Site" means any sanitary landfill or other solid waste disposal facility designated by the Service to receive all or a portion of the solid waste required to be disposed of by the Service under the Agreement, including (without limitation) the Mid-Shore II Landfill and any Alternative Site.

"Easton Landfill" means the property located adjacent to the Mid-Shore I Landfill consisting of approximately 18.5 acres.

"Event of Default" has the respective meanings specified in the Agreement.

"Fiscal Year" means the year commencing on July 1 of any calendar year and ending on June 30 of the succeeding calendar year.

"Hauler" means any Person who provides commercial or residential solid waste disposal services and who has received a license or permit from any of the Mid-Shore Counties, or who has otherwise been approved to provide such waste disposal services by the Mid-Shore Counties, and whose name and address has been provided to the Service in writing by any of the Mid-Shore Counties.

"Hazardous Waste" means:

(a) any material or substance the treatment, storage or disposal of which, because of the composition or characteristics of the material or substance, is unlawful to treat, store or dispose of at the Mid-Shore II Landfill and is considered hazardous material under Applicable Law, including, without limitation, materials that are:

(i) regulated as a toxic or hazardous waste as defined under either Subtitle C of the Solid Waste Disposal Act, 42 U.S.C. §§ 6921-6939a, or Section 6(e) of the Toxic Substances Control Act, 15 U.S.C. §2605(e), as replaced, amended, expanded or supplemented, and any rules or regulations promulgated thereunder, or under the Environment Article of the Annotated Code of Maryland, Title 7, Section 7-101 et seq., as replaced, amended, expanded or supplemented, and any rules or regulations promulgated thereunder, or

(ii) low level nuclear materials, special nuclear materials or nuclear by-product materials, all within the meaning of the Atomic Energy Act of 1954; and

(b) any other materials which any governmental agency or unit having appropriate jurisdiction shall lawfully determine from time to time to be ineligible for disposal through facilities similar to the Mid-Shore II Landfill because of the harmful, toxic or dangerous composition or characteristics of the material or substance.

"Hobbs Road Landfill" means the property located in Caroline County on Hobbs Road east of Denton and formerly utilized as a sanitary landfill by Caroline County. Caroline County will retain title to the Hobbs Road Landfill.

"Holiday" means New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and any other day that the Service, after consulting with the Mid-Shore Counties, determines that the Mid-Shore II Landfill should be temporarily closed.

"Indebtedness" means any bonds, notes, commercial paper or other obligations issued by the Service for borrowed money relating to the provision of solid waste disposal services under the Agreement.

"Independent Engineer" means an engineer or firm of engineers of recognized national standing retained by the Service.

"Independent Public Accountants" means the firm of Clifton Gunderson LLP, or another independent public accountant or firm of independent public accountants of recognized national standing retained by the Service.

"Landfill Revenues" means, for any Fiscal Year, the aggregate amount of any revenues, fees and income received by the Service in connection with the operation of the Mid-Shore II Landfill and the provision of solid waste disposal services to the Mid-Shore Counties under the Agreements, including (without limitation) (a) revenues from tipping fees charged to all users of the Mid-Shore II Landfill; (b) other operating revenues of the Mid-Shore II Landfill, including (but not limited to) charges for services or use of property or equipment, proceeds from sale of recovered materials and revenues from gas, steam, or electricity; and (c) interest earnings on money held by the Service in the Special Purpose Fund, but not including interest earnings on any accounts or reserves created under Section 5.9 of the Agreement; provided, however, that Landfill Revenues do not include the Supplemental Fee; and provided further, that Landfill Revenues do not include (x) gifts, grants, bequests, contributions or donations to the Service which constitute non-operating revenue of the Service or (y) any balance in the Special Purpose Fund on the first day of a Fiscal Year carried over from any previous Fiscal Year.

"Mid-Shore Counties" means County Commissioners of Caroline County, County Commissioners of Queen Anne's County, Talbot County and County Commissioners of Kent County.

"Mid-Shore I Costs" means "Total Costs" as defined in the prior waste disposal service agreements.

"Mid-Shore I Landfill" means the sanitary landfill consisting of approximately 137 acre parcel of land located between Barker's Landing Road and North Dover Road immediately east of Dover Neck Road, near the Town of Easton and which receives solid waste from the Mid-Shore Counties under the prior waste disposal service agreements.

"Mid-Shore I Termination Date" means the termination date of the prior county waste disposal service agreement.

"Mid-Shore II Deed" means the deed dated January 6, 2009, pursuant to which title to the Mid-Shore II Landfill was conveyed from Caroline County to the Service.

"Mid-Shore II Landfill" means the sanitary landfill 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 Agreements.

"Mid-Shore II MOU" means the Memorandum of Understanding by and between the Mid-Shore Counties and the Service for Solid Waste Disposal, dated as of February 4, 2005 and executed by representatives of the Mid-Shore Counties and the Service.

"Mid-Shore II Project Documents" means, collectively, the Mid-Shore II MOU, the Mid-Shore II Deed, the Project Resolutions, and the Agreements.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company or unincorporated organization, or any government unit or agency or political subdivision.

"Project Resolutions" means, collectively, the resolutions approved by each of the legislative bodies of the Mid-Shore Counties in May 2009.

"Proportionate Share" of a Mid-Shore County means, for any Fiscal Year, the fraction the numerator of which is the population of the Mid-Shore County and the denominator of which is the aggregate population of the Mid-Shore Counties. For purposes of determining the Proportionate Share, population figures for the most recent calendar year for which such figures are published in the U.S. Department of Commerce: Bureau of the Census, Current Population Reports, Series P-26 (the "Current Population Report") shall be used. If the Current Population

Report is no longer published, another publication or manner of determining population acceptable to the Mid-Shore Counties and the Service shall be used.

Beginning in the Fiscal Year immediately following the Fiscal Year in which a method for determining the amount (in tons) of Acceptable Waste generated in each Mid-Shore County is developed which is acceptable to the Mid-Shore Counties and the Service, the Mid-Shore Counties may agree in writing that Proportionate Share of a Mid-Shore County shall mean for any Fiscal Year, from the date specified in such written agreement, the fraction the numerator of which is the amount of Acceptable Waste generated in the Mid-Shore County in the immediately preceding calendar year and the denominator of which is the aggregate amount of Acceptable Waste generated in the Mid-Shore Counties in the immediately preceding calendar year.

"Receiving Hours" means the times when the Mid-Shore II Landfill is open for the receiving of Acceptable Waste (i.e., 7 a.m. until 3:30 p.m. Monday through Friday and from 9 a.m. until 2 p.m. on Saturdays, except Holidays).

"Recovered Materials" means glass, paper, metals, plastics, "white goods" or other materials recovered or separated from Acceptable Waste delivered to the Service for disposal.

"Rejected Waste" means any waste delivered to the Service that is determined to be Unacceptable Waste by the Service after it is deposited at the Disposal Site.

"Returned Waste" means any waste delivered to the Service that is determined by the Service to be Unacceptable Waste before it is deposited at the Disposal Site.

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

"Special Purpose Fund" means the Mid-Shore II Solid Waste Disposal Services Fund established on the books of the Service for the purpose of maintaining discrete financial accounting records of transactions undertaken pursuant to the Agreement and described in Section 5.9 of the Agreement.

"Supplemental Fee" means the fee payable by the Mid-Shore Counties to the Service for solid waste disposal services under the Agreements and described in Section 5.4 of the Agreement.

"Tipping Fee" means the per ton fee payable for solid waste disposal services pursuant to the Agreement.

"Ton" means a "short ton" of two thousand (2,000) pounds.

"Total Costs" means, with regard to any Fiscal Year, all costs or expenses of the Service, or amounts payable by the Service, in connection with the ownership or operation of the Mid-Shore II Landfill or any Alternative Site, or the performance by the Service of its obligations under the Agreement, including (without limitation) the sum of:

(a) an amount for the cost of facilities, which shall be equal to Debt Service for the Fiscal Year; provided, however, that if in any Fiscal Year more than a total of 135,000 tons of waste is accepted at the Mid-Shore II Landfill or other Disposal Sites, then the Total Costs for such Fiscal Year shall be increased by an amount determined by the Service to be equal to the aggregate principal amount of Indebtedness outstanding times a fraction the numerator of which is the number of tons of waste so accepted in excess of 135,000 and the denominator of which is the estimated total remaining number of tons of waste which the Mid-Shore II Landfill is capable of holding; and

(b) an amount equal to the aggregate costs of operation, maintenance, repair, equipping and management of the Mid-Shore II Landfill and any Alternative Sites and the provision of waste disposal services under the Agreements for the Fiscal Year, including (but not limited to) (i) the costs of any services provided under operating contracts, service charges or rentals or tipping fees paid to owners or operators of Disposal Sites, (ii) the costs of disposal of Unacceptable Waste, (iii) the costs of direct labor, supervision, on-site clerical support, fringe benefits, insurance, taxes, materials, supplies, transportation, utilities, tools, equipment, rentals, and lease payments, (iv) the cost of providing and operating monitoring wells with respect to the Hobbs Road Landfill, the Mid-Shore II Landfill and any Alternative Sites, (v) the estimated cost of closure of the Hobbs Road Landfill, the Mid-Shore II

Landfill and any Alternative Sites and (vi) all indirect costs to the Service for administrative, financial, engineering and other oversight and support services (including fees and expenses of counsel to the Service);

(c) an amount to provide for general maintenance, compliance monitoring and other costs to be incurred after the Mid-Shore II Landfill or any Alternative Site has been closed, which amount shall be equal to one dollar multiplied by the aggregate number of tons of waste accepted for disposal at the Mid-Shore II Landfill or other Disposal Sites pursuant to the Agreement in the Fiscal Year. These amounts shall be held by the Service in a separate fund within the Special Purpose Fund designated the Mid-Shore II Landfill Closure Fund; and

(d) on and after the Mid-Shore I Termination Date, an amount equal to the Mid-Shore I Costs.

"Total Revenues" means, for any Fiscal Year, the sum of Landfill Revenues and the Supplemental Fee.

"Trust Indenture" means any trust indenture, bond resolution or comparable instrument under which Indebtedness is issued by the Service in connection with the financing or refinancing of the Mid-Shore II Landfill or any Alternative Sites or otherwise in connection with the provision of services under the Agreements, or any modifications thereof or additions thereto, which Indebtedness is, in whole or in part, payable from the revenues credited to the Special Purpose Fund.

"Trustee" means the trustee under the Trust Indenture.

"Unacceptable Waste" means:

(a) Hazardous Waste; and

(b) that portion of solid waste the disposal of which by the Service pursuant to the Agreement (i) may present a substantial endangerment to public health or safety, or (ii) would cause Applicable Law to be violated, or (iii) is likely to materially adversely affect the operation of the Mid-Shore II Landfill or other Disposal Sites; provided however, that if such Unacceptable Waste (other than Hazardous Waste) is delivered in quantities and concentrations as determined by the Service and as part of normal collections so as not to have the effect described in clauses (i), (ii) or (iii) above it shall constitute Acceptable Waste unless otherwise directed by State or federal regulatory authorities. The Unacceptable Waste described in this paragraph (b) shall include (without limitation) explosives, pathological and biological waste, radioactive materials, friable asbestos, ashes, foundry sand, untreated sewage sludge or septage, cesspool and other human waste, "red bag" or other types of infectious medical waste, human remains, animal remains that result from testing on the animals, motor vehicles, including such major motor vehicles parts as automobile transmissions, engines and rear ends, agricultural and farm machinery and equipment, marine vessels and major parts thereof, any other large type of machinery or equipment and liquid wastes.

"Uncontrollable Circumstance" means any event or condition, whether affecting the Mid-Shore II Landfill, any Alternative Site, the County, the Service or any other Person, having, or which may reasonably be expected to have, a material adverse effect on any of the Mid-Shore II Project Documents or on the Mid-Shore II Landfill or any Alternative Site or the acquisition, design, construction, equipping, start-up, operation, ownership or possession of the Mid-Shore II Landfill or any Alternative Site, if such event or condition is beyond the reasonable control and not the result of willful or negligent action or a lack of reasonable diligence, of the party (the "Non-Performing Party") relying thereon as justification for not performing any obligation or complying with any condition required of such party under the Agreement.

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SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENTS

Delivery and Acceptance of Waste. §2.1.

Beginning on the Commercial Operations Date and throughout the term of the Agreement, but subject to the provisions of this section of the Agreement and of Sections 2.11, 2.12 and 2.13 of the Agreement, the County shall deliver or cause to be delivered to the Service all Acceptable Waste generated within the County other than Acceptable Waste which is removed from the waste stream for recycling purposes in accordance with the provisions of the Agreement and without cost to the Service, provided, however that so long as the County pays its Proportionate Share of the Supplemental Fee the failure to deliver all such Acceptable Waste to the Service shall not constitute or give rise to a breach of the Agreement or an Event of Default under the Agreement by the County. The Service shall accept all such Acceptable Waste from the County.

On and after the Commercial Operations Date, all deliveries shall be made to the Mid-Shore II Landfill unless the Service notifies the County that the Mid-Shore II Landfill is not capable of accepting deliveries of waste; in which event the Service shall direct that waste be delivered to the Disposal Site designated by the Service. In no event will use by the Service of Disposal Sites other than the Mid-Shore II Landfill constitute or give rise to a breach of the Agreement or an Event of Default under the Agreement by the Service.

Commencement of Operations; Subcontracting. §2.2.

The Service's estimate (which is non-binding) of the approximate Commercial Operations Date is January 1, 2011. The Service shall notify the County quarterly, during each January, April, July and October, of any change in such estimate of the Commercial Operations Date which results in a cumulative deviation of more than 30 days from the estimate most recently given to the County. The Service shall give the County at least seven days' prior notice of the date expected to be the actual Commercial Operations Date.

The Service may subcontract all or a portion of its obligations under the Agreement to any entity which in the judgment of the Service is qualified to operate a particular Disposal Site or to provide the subcontracted services, but only (i) with the prior written consent of the Mid-Shore Counties, which consent shall not be unreasonably withheld and (ii) upon receipt of a certificate from the Independent Engineer that the proposed subcontractor is qualified to perform the subcontracted obligation; provided, however, that no such subcontract shall relieve the Service from its obligations under the Agreement.

Emergency Operation. §2.4.

In the event that, due to a natural disaster or other emergency condition, there is delivered to the Service Acceptable Waste in quantities substantially in excess of those normally delivered during such season, the Service shall use reasonable efforts to accommodate the additional service demands; provided, however, that the Service's determination as to its methods of operation and its ability to provide all such solid waste disposal services as demanded on a timely basis shall be final. Payment for any such extraordinary operation to accept Acceptable Waste in quantities in excess of usual amounts shall be made as provided in Section 5.2(a) of the Agreement. Additional charges for deliveries under Section 2.4 of the Agreement of Acceptable Waste at hours other than the Receiving Hours shall be payable by the County as provided in Section 5.5.

Repairs and Maintenance. §2.6.

Except as otherwise provided in the Agreements, the Service shall maintain the Mid-Shore II Landfill and any Alternative Sites in good condition, including necessary repairs and replacement, consistent with normal and accepted solid waste handling practices. The Service shall maintain the safety of the Mid-Shore II Landfill and any Alternative Sites at a level consistent with Applicable Law. The Service shall maintain all of the facilities, buildings, grounds, equipment, and systems used to provide solid waste disposal services under the Agreement, in good repair and in a neat and orderly condition to protect them against deterioration and to maintain the aesthetic quality of the Mid-Shore II Landfill site and any Alternative Sites.

The Service shall require and enforce similar standards with regard to repair, replacement, safety, maintenance, and appearance, in its arrangements with any operators under subcontract.

Access and Security. §2.7.

The County shall have the right to visit or inspect the Mid-Shore II Landfill and any Alternative Sites at any reasonable time upon giving the Service reasonable notice. Any such visits shall be conducted in a manner so as to cause minimum interference with solid waste disposal operations. In connection with such visits and inspections, the County and any agent or representative of the County shall comply with all reasonable rules and regulations adopted by the Service. Such rules and regulations may include a requirement that each person, including any agent or representative of the County, visiting the Mid-Shore II Landfill or Alternative Site, shall sign a statement (a) assuming the risk of the visit to the facility, (b) stating that such Person shall not, except as may be required by law, intentionally disclose or use any confidential information of the Service other than for the purpose for which it was furnished and that no such information shall be duplicated or disclosed to others or used in whole or part for any other purpose, except that portions of it may be furnished to other Persons who (i) have agreed in writing to restrict the use thereof as provided in the Agreement and (ii) have been retained by the County to comment upon or evaluate such information.

Regulatory Requirements. §2.8.

The Service shall use its best efforts to operate (or cause to be operated) the Mid-Shore II Landfill and any Alternative Sites in a manner which will not violate any Applicable Law. The Service shall not be deemed to have breached its obligations under the preceding sentence in respect of any period during which it may in good faith be contesting the validity or application of any such law or regulation or be diligently attempting to comply therewith, in each case to the extent that Applicable Law permits continued operation pending resolution of said dispute.

Weighing Records. §2.9.

The Service shall operate and maintain motor truck scales, calibrated to the accuracy required by Maryland law, to weigh all vehicles delivering solid waste to the Service for disposal or removing Rejected Waste, Recovered Materials or Returned Waste. Each loaded vehicle shall be weighed, indicating gross weight, tare weight, date and time, vehicle identification, and the hauler's identification on a weight record.

The Service shall maintain daily records of the total tonnage of waste delivered to the Service, the tonnage of Acceptable Waste accepted by the Service, and the tonnages of Recovered Materials, Rejected Waste, and Returned Waste, respectively. The Service shall furnish to the County in respect of each month such information as may be reasonably required by the County within ten days after the end of such month. Copies of all weigh tickets will be maintained by the Service for a period of at least two years.

Ownership of Waste. §2.10.

Nothing in the Agreements shall impose upon the County or the Service title to any waste.

Returned and Rejected Waste, Recovered Materials. §2.11.

In the event that the County or Haulers shall deliver waste which is determined by the Service to be Unacceptable Waste after it has been delivered and unloaded, the Service shall remove and dispose of such waste, as Rejected Waste, at the County's cost and expense with respect to waste delivered by the County and at the Hauler's cost and expense with respect to waste delivered by the Hauler. In the event that the County or Haulers shall deliver waste which is determined by the Service to be Unacceptable Waste (or waste which contains Unacceptable Waste if the Service deems it impracticable to separate such Unacceptable Waste or the County or Haulers delivering such waste is unwilling to make such separation) prior to being delivered and unloaded, such waste shall be deemed Returned Waste and the Service may, at its election, (a) refuse to accept such waste, upon which refusal the County or Haulers, as the case may be, shall promptly remove and dispose of all of such waste so refused or (b) remove and dispose of such waste, in either case at the cost and expense of the County with respect to waste delivered by the County and at the cost and expense of the Hauler with respect to waste delivered by the Hauler. Any invoice submitted in respect of costs and expenses to be borne by the County under Section 2.11 of the Agreement shall be payable by the County within 21 days of the date thereof.

The Service shall maintain appropriate records with respect to (i) the removal and disposal of Rejected Waste, Recovered Materials and Returned Waste that the Service elects to remove and dispose of under clause (b) of Section 2.11 of the applicable Agreement and (ii) the cost of correcting damage and cleaning up spillage for which the County is responsible pursuant to Section 2.12, all in accordance with generally accepted accounting principles. Such cost records, to the extent they relate to Rejected Waste, or Returned Waste that the Service elects to remove and dispose of under such clause or such damage or spillage, allocable to the County, shall be made available for inspection by the County at such times during normal business hours as the County may reasonably request.

Manner of Deliveries. §2.12.

The County shall, and the Service shall cause all Haulers to, provide the Service with the following information about each Hauler delivering Acceptable Waste to the Service for the account of the County: name and address; make, body type and motor vehicle registration number of each vehicle used; area of collection; and status as municipal vehicle operator or contract hauler.

The County shall use its best efforts to deliver only Acceptable Waste to the Service and not to bring any vehicle onto a Disposal Site which is carrying refuse which may leak, spill or allow waste to be blown or scattered before unloading, all in accordance with the Service's regulations. The County shall bear the cost of correcting any damage or cleaning up any spillage caused by its employees and shall reimburse the Service on demand for all such costs. The Service shall require that any Hauler bear the cost of any damage or cleaning up any spillage caused by such Hauler or its employees.

Refusal of Deliveries. §2.13.

(a) Extent of Refusal Rights

Notwithstanding Section 2.1, the Service may refuse delivery of

(i) any waste other than Acceptable Waste;

(ii) any waste delivered at hours other than Receiving Hours or such other hours as may be established under Section 2.4 or 2.5;

(iii) any Acceptable Waste which the Service is not obligated to accept under Section 2.1 or 2.13(b); and

(iv) any waste on any day which, in the judgment of the Service, is beyond the capacity of the Service to handle during Receiving Hours.

(b) Inspection of Delivered Waste

The Service shall have the right but not the obligation to inspect all vehicles delivering waste to a Disposal Site under the Agreement, and shall have the right to require that the County or any Hauler remove from any such vehicle before it is unloaded, all waste which is not Acceptable Waste. If the Service determines that it is impractical to separate Acceptable Waste from Unacceptable Waste in any vehicle, or the County or any Hauler delivering such waste is unwilling to make such separation, then the Service may reject the entire vehicle, the waste in such vehicle shall constitute Returned Waste, and such waste shall be removed and disposed of as provided in Section 2.11, all at the cost and expense of the County with respect to waste delivered by the County and at the cost and expense of the Hauler with respect to waste delivered by the Hauler.

Other Contracts for Waste Delivery. §2.15.

The County acknowledges and agrees that the Service may accept Acceptable Waste from Haulers or other Persons other than the County; provided, however, that (i) tipping fees are charged and collected from such other Persons in accordance with Section 5.3 of the Agreement and (ii) acceptance of such Acceptable Waste does not impair the ability of the Service to perform its obligations under the first paragraph of Section 2.1(b) of the Agreement. Anything in the Agreements to the contrary notwithstanding, the Service shall not accept any waste generated or collected outside of the Mid-Shore Counties (i) without the prior written consent of the Mid-Shore Counties or (ii) unless one or more of the Mid-Shore Counties is in default under an Agreement. Prior to accepting any waste generated or collected outside of the Mid-Shore Counties in connection with a default by any of the Mid-Shore Counties under an Agreement which can be cured, the Service shall provide the Mid-Shore Counties not in default under the Agreements, if any, with notice of such default. Such Mid-Shore Counties shall have the right to cure such default within fifteen days of such notice.

Closure of Hobbs Road Landfill. §2.16.

In accordance with certain contractual obligations agreed upon with the County Commissioners of Caroline County, the Service shall close the Hobbs Road Landfill and conduct post-closure activities. The Service's obligation to close the Hobbs Road Landfill is contingent on obtaining (1) approval from the Maryland Department of the Environment of a closure and post closure monitoring plan that accords with the closure and post-closure requirements for a municipal landfill in COMAR 26.04.07.21, 26.04.07.22, and other Applicable Law for the closure of a municipal landfill, and (2) financing for the Hobbs Road Landfill closure project approved by the Service and each of the Mid-Shore Counties. The Service shall have no obligation to close the Hobbs Road Landfill

if the Mid-Shore II Landfill is not constructed, or if any Agreement is terminated by either of the parties to such Agreement.

Sale of Recovered Materials. §3.1.

The Service, or its designated agent or contract operator, may separate, remove, transfer, sell or dispose of any Recovered Materials derived from Acceptable Waste delivered to a Disposal Site.

Tipping Fees. §5.2.

In addition to the Supplemental Fee provided in Section 5.4 of the Agreement, the County shall pay to the Service as provided in Section 5.3 of the Agreement, the Tipping Fee for each ton of Acceptable Waste that it delivers to the Service and is accepted for disposal under the Agreements. The Tipping Fee may be adjusted from time to time as determined in good faith by the Service, upon advice and recommendation of the Mid-Shore Counties, provided, however, that any such advice or recommendation shall not be binding upon the Service or a condition to the fixing or adjustment of Tipping Fees by the Service. In each Fiscal Year, the Service shall fix, charge, and collect Tipping Fees which together with other Landfill Revenues plus Supplemental Fees for each such Fiscal Year shall be at least equal to Total Costs for each such Fiscal Year.

The County acknowledges that it is obligated at all times during the term of the Agreements to use its best efforts to deliver or cause to be delivered, from both public and private sources, Acceptable Waste for disposal by the Service; provided, however, that the obligations of the County under the Agreement shall not interfere with the obligations of the County under Applicable Law to recycle solid waste.

For any Acceptable Waste delivered by any Hauler or any other Person other than the County, the Service shall charge a disposal fee which is no less than the Tipping Fee established under Section 5.2(a) of the Agreement; except that the Service, after consulting with the Mid-Shore Counties, may charge a fee that is less than the Tipping Fee if the Hauler or other Person agrees to deliver a significant volume of Acceptable Waste under a “put or pay” arrangement with the Service.

Tipping Fee Payments. §5.3

All amounts payable under Sections 5.2(a) or 5.4 with respect to any month shall be invoiced to the County by the Service no earlier than the seventh day of the following month, and shall be paid by the County within 21 days of the date of such invoice.

Amounts charged to any Person other than the County under Section 5.2(c) shall be collected by the Service at the time of delivery or invoiced monthly to such Person in accordance with normal business practices.

Supplemental Fee; Quarterly Estimated Payments. §5.4

Notwithstanding any other provision of the Agreement, the County shall in the Fiscal Year in which the Commercial Operations Date occurs and in each Fiscal Year thereafter pay to the Service its Proportionate Share of the Supplemental Fee. The Supplemental Fee shall be an amount equal to the amount, if any by which Total Costs exceed Landfill Revenues. The Service and the County have determined that the Tipping Fee and the Supplemental Fee as established and adjusted as provided in the Agreement represent reasonable terms for the payment by the County of the cost of disposing of Acceptable Waste under the Agreement.

The County's Proportionate Share of the Supplemental Fee shall be payable in four estimated quarterly payments calculated as provided in this paragraph of the Agreement. Beginning with the quarter in which the Commercial Operations Date occurs, the quarterly amount billed to the County for Supplemental Fees shall be computed by multiplying the County's Proportionate Share by an amount equal to:

(A) the sum of (i) estimated Total Costs for such quarter and (ii) the excess of actual Total Costs over estimated Total Costs for the quarter immediately preceding the quarter in which the invoice is prepared, minus

(B) Landfill Revenues received in the quarter immediately preceding the quarter in which the invoice is prepared.

If the computation results in a positive number, this shall be the amount of the estimated Supplemental Fee billed to the County for the particular quarter. If the computation yields zero or a negative number, no Supplemental Fee payment is required for the quarter.

Payment for Out-of-Hours Deliveries. §5.5.

The Service shall establish and make available to the County a schedule of charges for deliveries of Acceptable Waste outside of Receiving Hours, which charges shall be in addition to Tipping Fees and any other fees payable under Section 5.2 in respect of such deliveries. Such schedule may be amended from time to time by the Service on at least 30 days' prior notice to the County. Such charges shall reimburse the Service for actual additional costs incurred in accepting deliveries outside of Receiving Hours. The Service shall furnish the County on request reasonably detailed justification for such charges. Any amounts payable by the County under the Agreement on account of deliveries outside of Receiving Hours may be included in the monthly invoice delivered to the County under Section 5.3 or separately invoiced to the County from time to time, as the Service may elect.

Late Payment. §5.6.

Any amounts payable under the Agreement by the County which are not paid when due in accordance with the Agreement shall bear interest at the annual rate of 12%.

No Set-Off, Etc. §5.7.

The obligation of the County to pay the amounts to be paid by it from time to time under the Agreement shall not be subject to diminution by reason of any set-off, abatement, counterclaim, existence of a dispute or any other reason, known or unknown, foreseeable or unforeseeable, which might otherwise constitute a legal or equitable defense or discharge of the liabilities of the County under the Agreements or limit recourse against the County.

If any dispute concerning the payments of amounts by the County in respect of Debt Service is referred to a court of competent jurisdiction for resolution, then the amount in dispute (as well as any undisputed amount) shall be paid by the County when due under the Agreement and before pursuing dispute resolution with respect to such amount. The disputed amount shall be repaid to the County if the dispute is resolved in favor of the County. This section of the Agreement shall not otherwise affect the rights of the County under Article VIII of the Agreement.

Estimates of Tipping Fee and Supplemental Fees; County Budgeting Obligations. §5.8.

The Service shall, on or before January 31 of each year provide the County with the information as to Holidays referred to in Section 2.3, along with a proposed budget of (a) estimated Total Costs for the next Fiscal Year beginning July 1, (b) estimated Landfill Revenues for the next Fiscal Year, (c) estimated total tonnage of Acceptable Waste to be generated within the Mid-Shore Counties and delivered to the Service for disposal in the next Fiscal Year, (d) the Tipping Fee to be charged to the Mid-Shore Counties and Haulers under the Agreement for the next Fiscal Year, and (e) the amount of the County's Proportionate Share of the Supplemental Fee for the next Fiscal Year.

In order to assure the timely payment of amounts required to be paid by the County under the Agreement, the County shall include in its annual budget for such next Fiscal Year an amount or amounts sufficient to meet all of its obligations under the Agreement or take such other appropriate action as may be necessary to ensure the availability of funds sufficient to meet all such obligations. Notwithstanding the preceding sentence, no failure or inability of the County to include in its budget or take appropriate action to assure the availability of amounts sufficient to enable the County to meet all of its obligations under the Agreement shall excuse, limit, impair or extend the time of performance or payment of any of its obligations under the Agreement, whether or not any estimates of Total Costs, Landfill Revenues, Tipping Fees or the County's Proportionate Share of the Supplemental Fee or other amounts payable under the Agreement prove to be inaccurate.

Mid-Shore Counties Solid Waste Disposal Service Fund, Reserves, Accounts, and Reports. §5.9.

The Service shall establish and maintain within its own books and records the Special Purpose Fund as a discrete fund for the purpose of recording all of the financial transactions relating to the provision of solid waste disposal services to the Mid-Shore Counties under the Agreement. All receipts of moneys owing to or derived from the development and operations of facilities (including, but not limited to, borrowed proceeds, grants or gifts, Landfill Revenues and the Supplemental Fee) shall be credited to the Special Purpose Fund; and all costs of development and operations shall be disbursed from the Special Purpose Fund.

Moneys credited to the account of the Special Purpose Fund may, for the purpose of investing such moneys, be commingled with moneys of other funds and accounts belonging to the Service, provided that any

earnings or losses from such commingled assets are credited monthly and on a pro-rata basis to the Special Purpose Fund.

The Service may also establish and maintain such other discrete accounts and reserves as it may in good faith deem necessary (1) to provide security for Indebtedness issued for the purposes of the Agreement; (2) to ensure a regular annual income to pay for maintenance and monitoring of Disposal Sites after close-down of operations; (3) to pay the required costs of any settlements, litigation or awards, or suits for damages attributed to any Disposal Site, or (4) for any other necessary purpose.

The Service shall provide regular reports to the County as to the financial conditions and changes in all funds, accounts and reserves relating to provision of solid waste disposal services under the Agreement.

Audit; Year-end Adjustment. §5.10

The Service shall provide to the County within 120 days after the last day of each Fiscal Year of the Service, a financial statement of the results of operation of the Special Purpose Fund and any other accounts or reserves established under Section 5.9 of the Agreement, prepared in accordance with generally accepted accounting principles, and audited by the Independent Public Accountants in accordance with generally accepted auditing standards. Such financial statements shall include a statement of the Total Costs and Landfill Revenues for each such Fiscal Year.

In the event that Total Costs exceed Landfill Revenues during a Fiscal Year, the County shall within 30 days of receiving written notice thereof from the Service pay the Service, as a Supplemental Fee payment its Proportionate Share of the amount of the deficiency. In the event that Landfill Revenues exceed Total Costs during a Fiscal Year, the Service shall within 30 days of receipt of the financial statements provided in Section 5.10(a) pay the County its Proportionate Share of the amount of such excess up to the amount, if any, of the Supplemental Fee which the County had paid the Service during such Fiscal Year, but only to the extent that at such time there are funds available in the Special Purpose Fund which are not obligated or restricted for other purposes and the Service at such time has made all payments on any Indebtedness or with respect to Total Costs then due and payable. Any excess of Landfill Revenues over Total Costs in a Fiscal Year shall not be credited against any Supplemental Fee paid or to be paid in any other Fiscal Year.

Regular Meetings. §6.1.

The Director of the Service or his representative shall meet with authorized representatives of the Mid-Shore Counties at least once every three months on a regular basis to review and recommend as to the policies, operations, budgets, and any other matters pertaining to the provision of solid waste disposal services under the Agreements. The Service shall make a good faith effort to implement any recommendation consistent with the Agreements and approved by each of the Mid-Shore Counties. Before submitting to the County the proposed budget provided in Section 5.8, the Service shall submit such proposed budget to the authorized representatives of the Mid-Shore Counties for their review.

Insurance. §7.1.

The Service shall obtain and keep in force, during the term of the Agreement, insurance as it deems prudent, to the extent it is available and can be obtained for an amount which is reasonable. The Service may provide any such insurance through a self-insurance program of the Service or of the State of Maryland.

The County recognizes that the Service, as an instrumentality of the State of Maryland, possesses sovereign immunity to the extent it has not been waived by statute. Nothing in the Agreement shall be deemed a waiver of any immunity possessed by the Service which has not been waived by statute.

Remedies for Default. §8.1.

In the event of the breach by any party of an obligation under the Agreement, the right to recover damages or to be reimbursed will ordinarily constitute an adequate remedy. Therefore, no party shall have the right to terminate the Agreement for cause for any breach unless an Event of Default (as defined in Sections 8.2 and 8.3) on the part of the other party shall have occurred and be continuing.

Events of Default by the Service. §8.2.

The persistent or repeated failure or refusal by the Service substantially to fulfill any of its material obligations in accordance with the Agreement shall constitute an Event of Default on the part of the Service, unless such failure or refusal shall be excused or justified by Uncontrollable Circumstance or a default by one or more of

the Mid-Shore Counties, provided however, that no such failure or refusal shall constitute an Event of Default unless and until:

(a) all of the Mid-Shore Counties shall have given prior written notice to the Service stating that in their opinion a particular default or defaults (to be described in reasonable detail in such notice) exist which will, unless corrected, constitute a material breach of the Agreement on the part of the Service and which will, in their opinion, give the Mid-Shore Counties a right to terminate their respective Agreements for cause under this section of the Agreement unless such default is corrected within a reasonable period of time, and

(b) the Service shall have neither corrected such default nor initiated reasonable steps to correct the same within a reasonable period of time (which shall in any event be not less than 180 days from the date of the notice given pursuant to clause (a) of this section of the Agreement), provided that if the Service shall have commenced to take reasonable steps to correct such default within such reasonable period of time, the same shall not constitute an Event of Default for as long as the Service is continuing to take reasonable steps to correct such default.

A material breach shall be deemed to have been corrected for purposes of this section of the Agreement, if it has been alleviated to the degree that its existence no longer makes damages an inadequate remedy.

Events of Default by the County. §8.3.

Each of the following shall constitute an Event of Default on the part of the County:

(a) The failure on the part of the County to pay any amount required to be paid to the Service under the Agreement when such amount becomes due and payable if the Service has made written demand therefor accompanied by notice that unless such amount is paid within 10 days after such demand the default will constitute an Event of Default, and such amount is not so paid.

(b) The persistent or repeated failure or refusal by the County substantially to fulfill any of its material obligations in accordance with the Agreement other than those described in paragraph (a) of this section of the Agreement, unless such failure or refusal shall be excused or justified by Uncontrollable Circumstance, provided that no such failure or refusal shall constitute an Event of Default unless and until (i) the Service shall have given prior written notice to the County stating that in its opinion a particular default or defaults (to be described in reasonable detail in such notice) exist which will, unless corrected, constitute a material breach of the Agreement on the part of the County and which will, in its opinion, give the Service a right to terminate the Agreement for cause under this section of the Agreement unless such default is corrected within a reasonable period of time, and (ii) the County shall have neither corrected such default nor initiated reasonable steps to correct the same within a reasonable period of time (which shall in any event be not less than thirty (30) days from the date of the notice given pursuant to clause (i) of this section of the Agreement), provided that if the County shall have commenced to take appropriate steps to correct such default within such reasonable period of time, the same shall not constitute an Event of Default for as long as the County is continuing to take reasonable steps to correct such default.

A material breach shall be deemed to have been corrected for purposes of this section of the Agreement, if it has been alleviated to the degree that its existence no longer makes damages an inadequate remedy.

Termination on Default. §8.4.

If any party shall have a right of termination for cause in accordance with the second sentence of Section 8.1 of the Agreement, the same may be exercised only by written notice of termination given to the party in default. The proper exercise of such right of termination shall be in addition to and not in substitution for such other remedies, whether damages or otherwise, as the party exercising the right of termination may have.

Option to Terminate at any Time. §8.6.

The County shall have, and is hereby granted, the option to terminate the Agreement at any time (a) by obtaining agreement of the other Mid-Shore Counties as to the termination of the Agreement and upon termination by the other Mid-Shore Counties of the Agreement to which they are parties, (b) by paying to the Service the amount set forth in Section 8.7 of the Agreement, (c) by giving the Service thirty days advance written notice of such termination, and (d) by executing an agreement between the Service, on the one hand, and the Mid-Shore Counties, on the other hand, pursuant to which the Mid-Shore Counties shall purchase and take title to and liability

for the Easton Landfill, the Mid-Shore I Landfill, the Mid-Shore II Landfill and any Alternative Sites and by accepting and recording one or more deeds to effect such title transfer.

Amounts Due Upon Termination of Agreement. §8.7.

In the event the County exercises its options under Section 8.6 of the Agreement to terminate the Agreement, the County, together with the other Mid-Shore Counties, shall pay to the Service or (as appropriate) to the trustee or trustees for any outstanding Indebtedness:

(a) The greater of (i) the fair market value of the Mid-Shore II Landfill and any Alternative Sites and (ii) the amounts of money necessary to defease or retire and redeem any outstanding Indebtedness issued for the purposes of the Mid-Shore II Landfill and any Alternative Sites, including without limitation all principal amounts, premiums if any, interest to the date of final redemption, legal and trustee expenses, and any such other amounts as may be required by the trustee of such Indebtedness, or by any remarketing agent, bank, credit facility provider, or tender agent, pursuant to the resolution or indenture establishing the Service's obligations as to that Indebtedness, or pursuant to any other financing document with respect thereto;

(b) An amount sufficient, when combined with any moneys held by the Service in the Special Purpose Fund other than moneys in the Mid-Shore II Landfill Closure Fund or other restricted or obligated moneys, to satisfy all current obligations normally paid from the Special Purpose Fund, including without limitation any amounts owed for salaries, services, materials, supplies, utilities, insurance, installment purchase agreements, or working capital loans;

(c) An amount sufficient to compensate the Service for any of the costs of terminating the Agreement and closing down its direct operations and support activities under the Agreement; and

(d) An amount specified by the Service sufficient to provide for any other obligations relating to the Agreement, the Indebtedness or the Mid-Shore II Landfill or any Alternative Sites or otherwise incurred by the Service for the purpose of providing solid waste disposal services under the Agreement.

Transfer of Property Upon Termination. §8.8.

The parties agree that upon the exercise of the option to terminate under Section 8.6 and satisfaction of the requirements under Section 8.7, the Service shall immediately convey to the County and the other Mid-Shore Counties, and the County, as joint tenant with the other Mid-Shore Counties, shall accept, all right, title and interest in the Easton Landfill, the Mid-Shore I Landfill, the Mid-Shore II Landfill, any Alternative Sites, all appurtenant real and personal property, and in the remaining assets of the Special Purpose Fund and any other reserves and accounts held by the Service under the Agreement. The County agrees to indemnify and hold harmless the Service for any and all claims asserted against the Service which are based upon acts or omissions which occur subsequent to termination.

Term. §9.1.

The Agreement shall enter into effect on the date of the Agreement and, unless sooner terminated in accordance with the terms of the Agreement, shall continue in effect until such time as the Service is released of its obligations to conduct post-closure monitoring of the Mid-Shore I and Mid-Shore II Landfills by the Maryland Department of the Environment or its successor.

Uncontrollable Circumstance. 11.1.

Each party to the Agreements shall be excused for its failure to perform in accordance with the Agreements any obligation required to be performed by it under the Agreements, to the extent that such failure results from an Uncontrollable Circumstance, provided that in no event shall any Uncontrollable Circumstance excuse (i) the County from making any payment under the Agreements in accordance with the terms of the Agreements or (ii) the Service from accepting and disposing of waste as provided under the Agreements. Each party shall seek diligently and in good faith to overcome or remove such Uncontrollable Circumstance, provided, however, that the settlement of strikes, lockouts, and other industrial disturbances or of any legal actions or administrative proceedings shall be entirely in the discretion of the party suffering the same, and it shall be not required to make settlement of strikes, lockouts, and other industrial disturbances or of legal actions or administrative proceedings when such settlement would be unfavorable, in the judgment of the party suffering the strike, labor dispute or other industrial disturbance

or legal action or administrative proceedings. A party claiming the benefit of Section 11.1 of the Agreement shall give prompt notice thereof to the other party.

Assignment. §11.2

The Agreement may not be assigned by either party without the prior written consent of the other party hereto, except that the Service may, without the consent of the County, assign its interest and obligations under the Agreement to a trustee or trustees as collateral for or otherwise in connection with arrangements for the financing or refinancing of all or part of the Mid-Shore II Landfill or any Alternative Sites or any modifications thereof or additions thereto. In the event of an assignment by the Service under this section of the Agreement, the County shall be notified thereof in writing and shall make payments due under the Agreements to such Person as may be designated by such assignee in such notice or otherwise.

Applicable Law. §11.8.

The law of the State of Maryland shall govern the validity, interpretation, construction and performance of the Agreements.

Amendment or Waiver, Etc. §11.11.

The Agreement may not be assigned by either party without the prior written consent of the other party thereto, except that the Service may, without the consent of the County, assign its interest and obligations under the Agreement to a trustee or trustees as collateral for or otherwise in connection with arrangements for the financing or refinancing of all or part of the Mid-Shore II Landfill or any Alternative Sites or any modifications thereof or additions thereto. In the event of an assignment by the Service under Section 11.2 of the Agreement, the County shall be notified thereof in writing and shall make payments due under the Agreement to such Person as may be designated by such assignee in such notice or otherwise.

Waiver of Sovereign Immunity. §11.12.

The County, to the maximum extent permitted by Applicable Law, irrevocably waives and renounces any and all rights to sovereign immunity (or similar rights and defenses) the County 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 the Agreement, or the transactions contemplated by the Agreement, or any breach of the Agreement, against the County, asserted or brought by or on behalf of the Service, or any member, officer, director, employee or agent of any thereof.

Limitation of Liability. §11.14.

The obligations of the Service under the Agreement are limited obligations payable solely from such amounts as may be received by the Service in connection with its operation of the Mid-Shore II Landfill and the provision of solid waste disposal services to the Mid-Shore Counties under the Agreement. The obligations of the Service under the Agreement shall not be payable from the general funds of the Service and the incurrence or nonperformance of such obligations shall not constitute or create a legal or equitable pledge of, or lien or encumbrance upon, or claim against, any of the assets or property of the Service or upon any of its income, receipts or revenues, except the amounts described in the immediately preceding sentence.

The execution and delivery of the Agreement by the County and the Service shall not impose any personal liability on the members, officers, officials, employees or agents of the County or the Service. No recourse shall be had for any claims based on the Agreement against any member, officer, official, employee or other agent of the County and the Service in his individual capacity, all such liability, if any, being expressly waived by the County and the Service by the execution of the Agreement.

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APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND INDENTURE DEFINITIONS

The following is a brief summary of certain provisions of the Indenture. It is not a complete recital of the terms of the Indenture and reference should be made to the Indenture for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the Indenture, except where otherwise noted.

DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms contained in the Indenture.

"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; and all future acts, supplemental thereto or amendatory thereof.

"Additional Bonds" means any bond, note or other Indebtedness of the Service issued pursuant to Sections 2.04 and 2.05 of the Indenture.

"Additional Facilities" means any project undertaken by the Service that is financed or refinanced pursuant to the Act and the Indenture by the issuance of Additional Bonds that is required in order to restore, maintain, improve or increase the disposal capacity of the Project or otherwise to permit the Service to meet its waste disposal obligations under the Agreements, including (with limitation) the completion of the acquisition and construction of the Mid-Shore II Landfill and the acquisition or construction of Alternative Sites. Additional Facilities may include, (without limitation) land, easements, rights-of-way, leaseholds and other interests in real property and any improvement, addition or betterment to or any construction, replacement, remodeling or equipping of any such Project.

"Administration" means the Maryland Water Quality Financing Administration.

"Agreements" mean, collectively, the Waste Disposal Service Agreements dated as of various dates in May, 2009 as set forth therein, between the Service and each of the Subdivisions providing for the delivery to the Service of Acceptable Waste (as defined in the Agreements) for disposal at the Mid-Shore II Landfill and to pay certain fees for such disposal services, and any amendments thereto.

"Alternative Sites" has the meaning specified in the Agreements.

"Applicable Law" means any law, regulation, requirement or order of any federal, state or local agency, court or other governmental body applicable from time to time to the acquisition, design, construction, equipping, financing, ownership, possession or operation of the Project or the performance of any obligations under the Agreements or any other agreement entered into in connection therewith.

"Authorized Baltimore Newspaper" means a daily newspaper printed in the English language and having a general circulation in the City of Baltimore, Maryland.

"Authorized New York Newspaper" means a daily newspaper printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York, or a financial journal printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer of the Service" means either the Director, Deputy Director, Treasurer or Secretary of the Service, and a person who, by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Service by its Director and its Secretary, is designated on behalf of the Service to perform any act, including (without limitation) the execution of any Indebtedness, certificates, deeds, leases, mortgages, agreements or other documents or instruments.

"Balloon Long-Term Indebtedness" means Long-Term Indebtedness 25% or more of the principal amount of which matures in the same 12-month period, which portion of such principal amount is not required by the documents governing such Long-Term Indebtedness to be amortized by redemption prior to such period.

"Bond" or "Bonds" or "Parity Bonds" mean, collectively, the Series 2011 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds and any Additional Bonds.

"Bond Counsel" means the law firm of Whiteford, Taylor & Preston L.L.P., or any attorney or attorneys duly admitted to practice law before the highest court of any state or the District of Columbia who are not officers or full-time employees of the Service or the Trustee and who have a national reputation in the field of municipal law and whose legal opinions are generally accepted by purchasers of municipal bonds and designated by the Service as its Bond Counsel from time to time.

"Bondholder" means the registered owner of a Bond.

"Business Day" means a day other than a Saturday, Sunday or legal holiday in the State of Maryland or the State of New York observed as such by the Service, the Trustee or any Credit Facility Provider, or any of them, or any day that the payment system of the U.S. Federal Reserve is not operational.

"Closing Date" means (i) with respect to the Series 2011 Bonds, February 16, 2011, the date of issuance and delivery of the Series 2011 Bonds to the initial purchasers thereof against payment therefor and (ii) for any of the Series of Bonds issued under the Indenture, the date established in the Supplemental Indenture related to such Series of Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or, any successor federal income tax statute or code, and the applicable regulations under the Indenture.

"Completion Date" means, when used with respect to the Project or any Additional Facilities, the date on which the Authorized Officer of the Service files the certificates required by Section 4.04 of the Indenture with the Trustee certifying the completion or acquisition of each and every portion of the Project or such Additional Facilities.

"Cost" or "Costs" means, as applied to the Project and any Additional Facilities, the cost of construction or acquisition, including the purchase price of any existing project or the cost of acquiring all right, title, or interest in the Project or any Additional Facilities and the amount to be paid to discharge all obligations necessary to vest title to the Project or any Additional Facilities or any part of it or them in the Service or the owner; the cost of any reconstruction, extension, enlargement, alteration, repair, or improvement; the cost of all lands, properties, rights, easements, interests, franchises, and permits acquired; the cost of all labor, machinery and equipment, fit to and in construction and for each period after completion of construction and for such period after completion of construction as the Service deems appropriate, the cost of revenue estimates, engineering and legal services, plans, designs, specifications, surveys, investigations, demonstrations, studies, estimates of cost, other expenses necessary or incident to determining the feasibility or practicability of any such acquisition, improvement, or construction; administrative expenses, and other expenses necessary or incidental to the financing authorized in the Indenture, and to the acquisition, operation, maintenance, improvement, construction of the Project or any Additional Facilities, and the placing of the Project or any Additional Facilities in operation, including reasonable provision for working capital; capitalized interest for any Series of Bonds, reserves for principal and interest and for, extensions, enlargements, additions and improvements. Any obligation or expense incurred prior to the issuance of Bonds or notes under the provisions of the Act in connection with the foregoing items of cost may be regarded as a part of such costs.

"Coverage Ratio" means, when used with respect to any particular Fiscal Year, the quotient obtained by dividing (i) the aggregate of the Net Income Available for Debt Service for such Fiscal Year by (ii) the Debt Service Requirements on all Outstanding Long-Term Indebtedness as of the last day of such Fiscal Year; provided, however, that in any calculation of the actual or projected Coverage Ratio for any Fiscal Year that occurs prior to the first Fiscal Year in which the principal of, or any Sinking Fund Installment with respect to, any Long-Term Indebtedness issued to finance Additional Facilities becomes due and payable or any interest on such Long-Term Indebtedness ceases to be paid from amounts irrevocably deposited in escrow for the payment of interest on such Long-Term Indebtedness, such Long-Term Indebtedness shall not be taken into account in calculating Debt Service Requirements.

"Credit Facility" means any Liquidity Facility, letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Bond or other Indebtedness.

"Credit Facility Agreement" means the agreement, if any, pursuant to which any Credit Facility is issued.

"Credit Facility Provider" means the issuer of any Credit Facility then in effect.

"Debt Service Requirements" mean, when used with respect to any Long-Term Indebtedness for any Fiscal Year or year (as the case may be), as of any particular date of calculation, the amount required to pay the sum of (a) the interest on such Long-Term Indebtedness payable during the period from the second day of such Fiscal Year or

year (as the case may be) through the first day of the immediately succeeding Fiscal Year or year (as the case may be), and (b) the principal of, the Sinking Fund Installment for and any other amount required to effect any mandatory redemption of such Long-Term Indebtedness, if any, during the period from the second day of such Fiscal Year or year (as the case may be) through the first day of the immediately succeeding Fiscal year or, year (as the case may be), less any amount of such interest or principal for the payment of which moneys or Investment Obligations, the principal of and interest on which when due will provide for such payment, are irrevocably held in trust, including (without limitation) any accrued interest and capitalized interest on deposit in the Interest Account. For the purpose of calculating the Debt Service Requirements:

(i) with respect to any Variable Rate Indebtedness:

(A) for the purpose of calculating the Debt Service Reserve Fund Requirement; the amount required to be deposited in any debt service reserve fund for any Bond and-the principal amount of Balloon Long-Term Indebtedness constituting Variable Rate Indebtedness payable in any Fiscal Year or year described in clause (ii)(D) below, such Indebtedness shall be deemed to bear interest at the fixed rate that it would have borne had it been issued at a fixed rate for the term thereof, as evidenced by a certificate of an Authorized Officer of the Service and a certificate of an investment banking firm or financial advisor knowledgeable in financial matters relating to the Service and the Project who may be, without limitation, the financial advisor to the Service, confirming such interest rate assumption as reasonable; and

(B) for all other purposes of the Indenture, such Variable Rate Indebtedness shall be deemed to bear interest at an annual rate equal to 110% of (1) in the case of any period during which such Indebtedness shall have been Outstanding, the weighted average interest rate per annum borne by such Indebtedness during such period and (2) in any other case, the higher of (a) the weighted average interest rate per annum borne by such Indebtedness during the 12-month period ending on the date of calculation (or, in the case of any Variable Rate Indebtedness to be issued or issued during the immediately preceding 12-month period, the weighted average interest rate per annum borne by other Outstanding Indebtedness having comparable terms and issued by, or secured by agreements issued by, entities of comparable creditworthiness as the obligors with respect to such Variable Rate Indebtedness during the immediately preceding 12-month period, as evidenced by a certificate of an investment banking firm or a financial advisor knowledgeable in financial matters relating to the Service and the Project, who may be, without limitation, the financial advisor to the Service), and (b) the interest rate per annum borne by such Indebtedness on the date of calculation;

(ii) with respect to any Balloon Long-Term Indebtedness:

(A) unless such Indebtedness meets the requirements of clause (B), (C) or (D) below, the principal amount of such Indebtedness shall be deemed to be payable during the Fiscal Year or year in which such principal amount becomes due, except as provided in clause (E) below;

(B) if a Liquidity Facility is then in effect with respect to such Indebtedness, the Principal amount of such Indebtedness Payable in each Fiscal Year or Year as of any date of calculation may be deemed to be the amount that would be payable during such Fiscal Year or year (as the case may be) if such Liquidity Facility was used or drawn upon to purchase or retire such Indebtedness on the stated maturity date thereof or on any date established for the mandatory redemption thereof, less the aggregate amount required to be on deposit in any irrevocable sinking fund established to provide for the payment of such Indebtedness in accordance with clause (C) below during such Fiscal Year or year (as the case may be);

(C) if (1) pursuant to an indenture entered into by the Service, an irrevocable sinking fund shall have been established to provide for the payment of such Indebtedness when due, (2) deposits to such sinking fund are current and timely and (3) verification of such timely deposits is contained in the most recent audited financial

statements of the Service or a letter to the Service from an Independent Public Accountant, then the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) may be deemed to be the amount required to be deposited in such sinking fund for such Fiscal Year or year (as the case may be);

(D) In the case of any Balloon Long-Term Indebtedness in an aggregate principal amount that does not exceed 20% of the Landfill Revenues for the most recent Fiscal Year, the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) may be deemed to be the amount that would have been payable during such Fiscal Year or year (as the case may be) if such Indebtedness were required to be amortized in full from the date of its issuance or, in the case of any such Indebtedness issued to finance or refinance the Project or any Additional Facilities, a date on or before the completion of the Project or other any Additional Facilities, in substantially equal annual installments of principal (such principal to be rounded to the nearest $5,000) and interest over a term equal to the shorter of (1) 20 years and (2) 100% of the weighted average economic life of the facilities financed or refinanced thereby, as evidenced by a certificate of an Independent Public Accountant; provided, however, that if any principal amount of such Indebtedness is stated to mature or is unconditionally subject to mandatory redemption within the 12-month period immediately succeeding the date of calculation, then such principal amount shall be deemed to be payable on the stated maturity date thereof or on the date established for the mandatory redemption thereof; and

(E) for purposes of calculating the Debt Service Reserve Fund Requirement and the amount required to be deposited in any debt service reserve fund for any Bond, the principal amount of such Indebtedness payable in each Fiscal Year or year shall be determined in accordance with clause (D) above without regard to the aggregate principal amount of such Indebtedness Outstanding from time to time;

(iii) with respect to any Optional Tender Indebtedness:

(A) unless such Indebtedness meets the requirements of clause (B) below, the principal amount of such Indebtedness payable in each Fiscal Year or year as of any date of calculation shall be deemed to be the principal amount of such Indebtedness that could be payable by the Service during such Fiscal Year or year (as the case may be) in connection with any demand for the purchase or redemption of such Indebtedness by any Holder thereof or any termination of any Credit Facility securing such Indebtedness, except as provided in clause (C) below;

(B) (if a Liquidity Facility is then in effect with respect to such Indebtedness, the principal amount of such Indebtedness payable in each Fiscal Year or year as of any date of calculation may be deemed to be the amount that would be payable during such Fiscal Year or year (as the case may be) if such Liquidity Facility were used or drawn upon to purchase or retire such Indebtedness on the earliest date on which such Indebtedness may be required to be purchased or redeemed at the option of the Holder thereof or in connection with any expiration of any Credit Facility securing such Indebtedness, except as provided in clause (C) below; and

(C) for purposes of calculating the Debt Service Reserve Fund Requirement and the amount required to be deposited in any debt service reserve fund for any Bond, the principal amount of such Indebtedness payable in each Fiscal Year or year (as the case may be) shall be determined in accordance with clause (ii)(D) above without regard to the aggregate principal amount of such Indebtedness Outstanding from time-to-time; and

(iv) with respect to any Credit Facility Agreement, except as provided in clauses (ii) (B) and (iii) (B) above, so long as no demand for payment under the Credit Facility issued under such Credit Facility Agreement shall have been made, the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation.

"Debt Service Reserve Fund Credit Facility" means the letter of credit, insurance policy or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of Section 4.11 of the Indenture, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Fund Requirement" means, as of any particular date of computation, (i) for the Series 2011 Bonds, an amount equal to $0 and (ii) for any other Series of Bonds issued under the Indenture, the amount established in a Supplemental Indenture related to such Series of Bonds.

"DTC" means The Depository Trust Company.

"Due for Payment" means, when used with respect to any date in connection with the payment of the principal of any Series 2011 Bonds, the stated maturity date of such Series 2011 Bonds or any date on which the principal of such Series 2011 Bonds is due to be paid by the application of a required Sinking Fund Installment for such Series 2011 Bonds; and when used with respect to any date in connection with the payment of the interest on any Series 2011 Bonds, any date on which the interest on such Series 2011 Bonds is payable in accordance therewith.

"Electronic Means" means, telecopy, telegraph, telex, facsimile transmission, email, portable document format (pdf) or other similar electronic means of written communication, providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition; notwithstanding anything in the Indenture to the contrary, any notice required to be given under the Indenture may be given by Electronic Means.

"Event of Default" means any event of default specified in Section 7.01 of the Indenture.

"First Supplemental Indenture of Trust" means the Supplemental Indenture of Trust dated as of May 1, 2014 by and between the Service and the Trustee.

"Fiscal Year" means the period of 12 consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year, or such other fiscal year as the Service shall establish as its fiscal year.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America.

"Hobbs Road Landfill" means the property located in Caroline County on Hobbs Road east of Denton and formerly utilized as a sanitary landfill by Caroline County and as defined in the Agreements.

"Hobbs Road Landfill Bonds" means the bonds to be issued by the Service and purchased by the Administration for the purpose of funding the Hobbs Road Landfill Cap and Closure Loan.

"Hobbs Road Landfill Cap and Closure Loan" means the loan to be made to the Service from the proceeds of the Hobbs Road Landfill Bonds pursuant to the terms of one or more loan agreements, between the Administration and the Service 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, financing and construction of a cap and closure for the Hobbs Road Landfill.

"Holder" or "Holder" or any similar term (i) when used with reference to a Bond, means a Bondholder, and (ii) when used with reference to any Subordinate Obligation, the owner of such Subordinate Obligation, determined in accordance with the Supplemental Resolution authorizing or approving the issuance thereof.

"Indebtedness" means, with respect to the Service, any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under generally accepted accounting principles.

"Indenture" means the Indenture of Trust between the Service and the Trustee, dated as, of February 1, 2011, as amended and supplemented by the First Supplemental Indenture of Trust, the Second Supplemental Indenture of Trust and the Third Supplemental Indenture of Trust, and as may be further amended, modified or supplemented from time to time by Supplemental Indentures.

"Independent Consultant" means an independent consulting firm having a favorable national reputation for skill and experience with respect to the design, construction and operation of solid waste disposal facilities or the determination of the economic feasibility of such facilities, appointed in accordance with the Indenture.

"Independent Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of any state or the District of Columbia who have regularly engaged in the practice of law as their primary

occupation for at least five years and who are not officers or full-time employees of the Service or the Trustee. Bond Counsel to the Service may be deemed Independent Counsel.

"Independent Public Accountant" means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State of Maryland and in fact independent, employed by the Service from time to time to pass upon those matters required by the Indenture to be passed upon by an Independent Public Accountant.

"Information Services" means, and includes, Financial Information, Inc., "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's Notification Services, "Called Bond Services," 55 Water Street, 45th Floor, New York, New York 10041; and Moody's Investor Service, "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; or in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called bonds, or, if the Trustee does not select a service, then such service or services as the Service may designate in a certificate of the Service delivered to the Trustee.

"Investment Obligations" means any of the following:

(a) Government Obligations;

(b) obligations that a Federal agency or a Federal instrumentality has issued in accordance with an Act of Congress;

(c) a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer;

(d) banker's acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one Rating Agency;

(e) bonds, notes or other obligations of investment grade in the highest quality letter and numerical rating by at least one Rating Agency issued by or on behalf of the State, or any agency, department, county, municipal or public corporation, special district, authority or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this paragraph;

(f) commercial paper that has received the highest letter and numerical rating by at least two Rating Agencies;

(g) money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940, operated in accordance with Rule 2A-7 of the Investment Company Act of 1940 and rated in the highest rating category of at least one Rating Agency; and

(h) bonds, notes or other obligations issued by or on behalf of any state of the United States of America or of any agency, department, county, municipal or public corporation, special district, authority or political subdivision thereof which are rated in the highest rating category of at least one Rating Agency or any fund or trust that invests only in such securities.

"Landfill Revenues" has the meaning specified in the Agreements.

"Liquidity Facility" means a written commitment to provide money to purchase or retire any Indebtedness if: (i) on the date of delivery of such Liquidity Facility, the unsecured indebtedness of the provider of such Liquidity Facility is rated by each Rating Agency in a rating category not lower than the rating category in which the Bonds are then rated; and (ii) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the Service for a period of at least one year.

"Long-Term Indebtedness" means all Bonds, together with all, of the following Indebtedness incurred or assumed by the Service:

(a) any obligation for the payment of principal and interest with respect, to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(b) any obligation for the payment of money under leases that are required to be capitalized under generally accepted accounting principles;

(c) any obligation for the payment of money under installment purchase contracts having an original term in excess of one year;

(d) any obligation that would constitute Short-Term Indebtedness if a Liquidity Facility were not in effect with respect thereto; and

(e) any guaranty of any Indebtedness that would be described in item (i), (ii), (iii) or (iv) above if such Indebtedness were incurred directly by the Service.

"Maximum Annual Debt Service" means, when used with reference to any Long-Term Indebtedness for any year or Fiscal Year, as of any particular date of computation, the greatest amount required in the then-current or any future year or Fiscal Year, respectively, to pay the Debt Service Requirements of such Long-Term Indebtedness.

"Mid-Shore Counties" or "Subdivisions" mean, collectively, Caroline County, Maryland, Queen Anne's County, Maryland, Kent County, Maryland and Talbot County, Maryland.

"Mid-Shore II Landfill" means, the new landfill located in Caroline County, Maryland.

"Net Income Available for Debt Service" means, for any period, an amount determined in accordance with generally accepted accounting principles by deducting (i) the expenses of operating the Project or any Additional Facilities, exclusive of depreciation, interest, amortization of financing expenses and closure and post-closure costs, from (ii) the sum of all operating and nonoperating revenues of the Service derived from or in connection with the Project or any Additional Facilities (including, without limitation, all revenues of the Service under the Agreements) provided, however, that there shall be excluded from such calculation any nonoperating gains or losses on the sale or disposition of any asset or on the extinguishment of debt.

"Operating Fund" means the fund held by the Service (not pledged to the payment of the Bonds) which shall be funded in accordance with Section 4.10 of the Indenture.

"Operating Reserve Requirement" means an amount equal to $800,000 for the period through September 30, 2011 and beginning on November 1, 2011 the amount certified by an Authorized Officer of the Service to be equal to one-sixth (1/6) of the annual operating expenses of the Service in connection with the Project or any Additional Facilities or Alternative Sites shown on the audited financial statements of the Service for the most recent Fiscal Year for which such statements are available.

"Optional Tender Indebtedness" means any Indebtedness that is subject to optional or mandatory tender by the Holder thereof (including, without limitation, any mandatory tender in connection with the expiration of any Credit Facility securing such Indebtedness) for purchase or redemption prior to the stated maturity date thereof if the purchase or redemption price of such Indebtedness is under any circumstances payable by the Service.

"Outstanding" means, as of any particular date, (a) when used with reference to Bonds, all Bonds authenticated and delivered under the Indenture except (i) any Bond cancelled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 9.01 of the Indenture and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II, Article III or Section 8.03 of the Indenture; and (b) when used with reference to any other Indebtedness, all Indebtedness theretofore issued or incurred other than any such Indebtedness that is deemed to have been paid and discharged under generally accepted accounting principles.

"Permitted Encumbrance" means:

(a) any lien arising by reason of any deposit by the Service to secure any public or statutory obligation, or to secure, are 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 Service 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 Service 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 which is being contested and execution thereon stayed;

(d) any lien granted for the benefit of all Holders of the Bonds in accordance with the Indenture;

(e) any lien upon Landfill Revenues on deposit in the Special Purpose Fund;

(f) any lien upon Revenues pledged to the payment of Subordinate Obligations;

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

(h) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances as the Service 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; and

(i) any lien upon Revenues pledged to the payment of the Hobbs Road Bonds in connection with the closure of the Hobbs Road Landfill.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"Project" means the acquisition, design, construction equipping and operation of a new landfill to be known as "Mid-Shore II Regional Landfill," located on an approximately 218-acre parcel of land located adjacent to the Holly Road Landfill near Ridgley, Caroline County, Maryland to accept solid waste generated with the boundaries of the Mid-Shore Counties upon the closure on December 31, 2010 of a landfill previously financed, operated and constructed by the Service, located in Talbot County, Maryland, near the town of Easton, and all other costs related to such Project, including without limitation, costs in connection with road improvements and the acquisition of real property for permit compliance and soil excavation (being a "project" as defined in the Act) including all necessary attendant facilities and equipment, as the Project may be amended in accordance with the Indenture; the definition of "Project" set forth in the Indenture shall not in any way limit the items that may be financed with the proceeds of the Bonds as permitted by the Act.

"Rating Agency" means Moody's Investors Service, Standard & Poor's Corporation or any other securities rating agency that, at the request of the Service shall have assigned a rating that is then in effect with respect to any Bonds, and their successors and assigns, and "Rating Agencies" means each such Rating Agency, collectively.

"Redemption Price" means, when used with respect to any Bond or portion thereof, the, principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Registrar" means the Trustee in its capacity as Bond Registrar under the Indenture.

"Replacement Bonds" mean Bonds issued in accordance with Section 2.10 of the Indenture.

"Revenues" mean Landfill Revenues, any moneys received from the State from the Comptroller of Maryland pursuant to the provisions of Section 3-108(b) of the Act, any earnings on the funds and accounts held by the Trustee under the Indenture (except the Rebate Fund) and any Supplemental Fees.

"Second Supplemental Indenture of Trust" means the Second Supplemental Indenture of Trust dated as of August 1, 2018 by and between the Service and the Trustee.

"Section 148" means Section 148 of the Code.

"Securities Depository" or "Securities Depositories" means (a) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, facsimile: (516) 227-4039 or (516) 227-4190; and Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Facsimile: (215) 496-5058 or (b) in accordance with the then-current guidelines of the Securities and Exchange Commission, such other addresses and/or any such other securities depositories or any such other depositories which have been designated in a certificate of the Service delivered to the Trustee.

"Serial Bonds" means the Bonds of any Series that are stated to mature in consecutive annual installments.

"Series" means any series of Bonds authorized by the Indenture.

"Series 2011 Bonds" means the Maryland Environmental Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2011, dated as of the Closing Date, authorized by 2.02 of the Indenture.

"Series 2014 Bonds" means the Maryland Environmental Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014, dated as of May 22, 2014, authorized by the First Supplemental Indenture of Trust.

"Series 2018 Bonds" means the Maryland Environmental Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018, dated as of August 8, 2018, authorized by the Second Supplemental Indenture of Trust.

"Series 2020 Bonds" means the Maryland Environmental Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020, dated as of _____, 2020, authorized by the Third Supplemental Indenture of Trust.

"Service" means Maryland Environmental Service, a body politic and corporate constituting an instrumentality of the State of Maryland, created by the Act and performing an essential governmental function of the State of Maryland.

"Short-Term Indebtedness" means any Indebtedness (i) incurred or assumed by the Service for a term not exceeding 365 days, except any such Indebtedness with respect to which a Liquidity Facility is then in effect, and (ii) any guaranty of any Indebtedness that would be described in clause (i) above if such Indebtedness were incurred directly by the Service.

"Sinking Fund Installment" means the amount of money provided in the Indenture, and in each Supplemental Indenture authorizing any Series of Additional Bonds, to redeem or pay at maturity Term Bonds at the times and in the amounts provided in the Indenture or such Supplemental Indenture (as the case may be), less the amount of any credit against such amount arising from the purchase of Term Bonds in any prior year as provided in Section 4.06 of the Indenture.

"Special Purpose Fund" has the meaning specified in the Agreements.

"Special Record Date" means the date fixed by the Trustee on which any defaulted interest shall be payable to the person in whose name the Bonds are registered as of the date fixed.

"State" means the State of Maryland.

"Subordinate Obligations" mean any subordinate Indebtedness issued by the Service in accordance with Section 2.11 of the Indenture.

"Supplemental Fees" has the meaning specified in the Agreements.

"Supplemental Indenture" means any indenture of trust between the Service and the Trustee amending, modifying or supplementing the Indenture, any Supplemental Indenture, or any Bond, delivered and becoming effective in accordance with the terms of the Indenture.

"Tax-Exempt Bonds" mean the Series 2011 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds and any other Bonds with respect to which there shall have been delivered to the Service an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes.

"Term Bonds" mean the Bonds of any Series, other than Serial Bonds, payable prior to or at their stated maturity from Sinking Fund Installments deposited in the Sinking Fund Account.

"Third Supplemental Indenture of Trust" means the Third Supplemental Indenture of Trust dated as of _____, 2020 by and between the Service and the Trustee.

"Tipping Fees" has the meaning specified in the Agreements.

"Total Costs" has the meaning specified in the Agreements.

"Trustee" means The Bank of New York Mellon, a New York banking corporation.

"UCC" means the Maryland Uniform Commercial Code, as amended from time to time.

"Variable Rate Indebtedness" means Indebtedness bearing interest at a variable rate of interest per annum.

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Details of Bonds. § 2.02.

The Bonds of any Series of Additional Bonds shall bear interest, mature, be subject to mandatory and optional redemption prior to maturity, and shall have the terms, tenor, denominations, details and specifications as set forth in the Indenture and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Refunding Bonds. § 2.04.

In accordance with Section 3-115 of the Act, the Service may issue refunding bonds (which may be Bonds issued under the Indenture) to refund any Outstanding Bonds. Refunding bonds shall be issued pursuant to and in accordance with the provisions of the Indenture or any other indenture entered into by the Service authorizing such refunding bonds, which may provide (without limitation) for the refunding of Outstanding Bonds in advance of the earliest redemption date for such Outstanding Bonds.

Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds. § 2.05.

The Service may issue from time to time Additional Bonds under and secured by the Indenture, subject to the conditions hereinafter provided in Section 2.05 of the Indenture, for any one or more of the following purposes:

(i) refunding or advance refunding any Outstanding Bonds;

(ii) obtaining funds to pay the Cost of Additional Facilities required in order to restore, maintain, improve or increase the disposal capacity of the Project or otherwise to permit the Service to meet its waste disposal obligations under the Agreements, including (without limitation) the acquisition or construction of Alternative Sites;

(iii) obtaining funds to pay the Cost of completing the Project or any Additional Facilities;

(iv) obtaining funds to pay the costs incurred in connection with the issuance and sale of any Bonds; or

(v) obtaining funds to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction and (if deemed advisable by the Service) for a limited period after the completion of the Project or any Additional Facilities, as the case may be.

The issuance of Additional Bonds shall be authorized by a Supplemental Indenture, which shall specify all matters required to be provided in Section 2.05 of the Indenture including any requirements of a Credit Facility Provider whose Credit Facility secures a Series of Bonds.

Each Series of Additional Bonds shall be on parity with, and shall be entitled to the same benefit and security of the Indenture (including, without limitation, the pledge of the Revenues) as, the Series 2011 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds and any other Series of Additional Bonds that may be issued from time to time as provided in Section 2.05 of the Indenture except as may be otherwise provided in any Supplemental Indenture.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form, denominations, registration provisions and provisions for the exchange of such Additional Bonds and other details of such Additional Bonds. Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide for the creation of a separate Debt Service Fund, Construction Fund, Debt Service Reserve Fund, the Refunding Fund and Redemption Fund for each Series of Bonds.

All Additional Bonds shall mature on a November 1 and redemptions of Additional Bonds from the Sinking Fund Account shall be made on November 1 of the year in which such redemptions are to be made, and the interest on all Additional Bonds shall be payable on May 1 and November 1 of each year, unless the Supplemental Indenture authorizing such Additional Bonds provides otherwise.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds may provide that funds on deposit in any debt service reserve fund or proceeds realized under any Credit Facility securing the payment of such Additional Bonds shall not be available to pay the principal or Redemption Price of or interest on, or the purchase price of, the Series 2011 Bonds or any other Series of Additional Bonds.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for each Series of Bonds, then such Supplemental Indenture shall require (i) that Revenues shall be deposited pro rata as to time and amount among, first, the Debt Service Funds and, second, the Debt Service Reserve Funds for each Series of Bonds on the basis of the principal of or the Sinking Fund Installments for and the interest on each Series of Bonds becoming due and the amounts required to be deposited in such Debt Service Reserve Funds, respectively, during the period from November 2 of any year through November 1 of the immediately succeeding year, to the end that the Bonds of each Series shall be equally and ratably secured by the pledge of the Trust Estate, and (ii) that amounts on deposit in the Debt Service Fund, the Construction Fund, the Debt Service Reserve Fund and the Redemption Fund created for each Series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series or to the reimbursement of the issuer of any Credit Facility securing such Bonds and shall not be available to satisfy the claims of Holders of Bonds of any other Series or of the issuer of any Credit Facility securing any other Series of Bonds.

Any Supplemental Indenture authorizing the issuance of Additional Bonds shall provide that any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of the Project or any Additional Facilities financed with the proceeds of such Additional Bonds shall be deposited in the Redemption Fund created for such Series of Additional Bonds or otherwise applied to such purposes as designated by the Service to the extent there has been delivered to the Trustee and the Service an opinion of Bond Counsel to the effect that such application of proceeds does not adversely affect the excludability from gross income for federal income tax purposes, of interest paid on any Tax-Exempt Bonds therefor issued.

Any Supplemental Indenture authorizing the issuance of Additional Bonds shall state the amount (if any) of the proceeds of such Additional Bonds or other moneys required to be deposited in the Debt Service Reserve Fund to make the amount on deposit therein equal the Debt Service Reserve Fund Requirement upon the issuance of such Additional Bonds and may provide that the amount of any increase in the Debt Service Reserve Fund Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds. If a separate Debt Service Reserve Fund is created for any Series of Bonds, the Debt Service Reserve Fund Requirement shall be calculated separately for each Series of Bonds for which a separate Debt Service Reserve Fund is maintained.

The Bonds of each Series of Additional Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate such Additional Bonds and, upon payment of the purchase price of such Additional Bonds, deliver such Additional Bonds to or upon the order of the Service, but only upon receipt by the Trustee of:

(a) a counterpart of the applicable Supplemental Indenture authorizing the issuance of such Additional Bonds executed by the parties hereto;

(b) an opinion of Bond Counsel (who may rely upon the opinion of other counsel, who may be counsel to the Trustee, with respect to (i) below regarding the Trustee) to the effect that (i) the Supplemental Indenture of the Service authorizing the issuance of such Additional Bonds has been duly authorized, executed and delivered by the Service and the Trustee and constitutes the valid and binding obligation of the Service and the Trustee; (ii) the Service is duly authorized and entitled to issue such Additional Bonds, and Bonds executed, authenticated and delivered as provided in such Supplemental Indenture have been duly and validly issued and constitute valid and binding limited obligations of the Service; and (iii) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued;

(c) a certificate of an Authorized Officer of the Service to the effect that on the date of the authentication and delivery of such Additional Bonds, (i) the Service is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Indenture, and (ii) neither the Service nor any of the Subdivisions is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of any of the Agreements; provided, however, that the Trustee shall not be required to have received the

certificate described in this paragraph (c) in connection with the issuance of any Bonds issued for the purpose of refunding or advance refunding any Outstanding Bonds;

(d) a written order of the Service directing the authentication and delivery of such Additional Bonds, describing the Additional Bonds to be authenticated and delivered, designating the purchasers to whom such Additional Bonds are to be delivered, stating the purchase price of such Additional Bonds and stating that all items required by Section 2.05 of the Indenture are therewith delivered to the Trustee in form and substance satisfactory to the Service;

(e) if required and applicable to such Additional Bonds, moneys or securities authorized for the investment of the Debt Service Reserve Fund (which may include, without limitation, a Debt Service Reserve Fund Credit Facility qualified to be credited to, the Debt Service Reserve Fund under Section 4.11 of the Indenture), in an amount equal to the amount, if any, required to be paid to the Debt Service Reserve Fund to make the amount on deposit in the Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement upon the issuance of such Additional Bonds;

(f) a certificate of an Authorized Officer of the Service to the effect that the Coverage Ratio for the most recent Fiscal Year of the Service for which audited financial statements are available is not less than 1.00; and

(g) the written consent of each of the Subdivisions to the issuance of such Additional Bonds.

Notwithstanding the foregoing, the Trustee shall not be required to have received the items required under paragraphs (f) and (g) above in connection with the issuance of any Additional Bonds issued for the purpose of (i) refunding or advance refunding any Outstanding Bonds if the Trustee shall have received a certificate of an Authorized Officer of the Service to the effect that, after giving effect to the proposed refunding or advance refunding, Maximum Annual Debt Service on all Outstanding Bonds will not be increased by more than five percent or (ii) financing or refinancing the cost of any portion of the Mid-Shore II Landfill.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the Service may direct in its written requests.

Registration and Exchange of Bonds. § 2.07.

The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery, subject only to the provisions for registration and registration of transfer endorsed on the Bonds. The Service shall cause books for the registration and transfer of Bonds to be kept by the Registrar.

If any Bond is surrendered to the Trustee at its designated corporate trust office for transfer or exchange in accordance with the provisions of such Bond, the Service shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in any authorized denominations, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the Service or the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the Service nor the Trustee shall be required to register the transfer of any Bond or make any such exchange of any Bond after such Bond or any portion thereof has been selected for redemption.

Bonds Mutilated, Destroyed, Lost or Stolen. § 2.08.

If any temporary or definitive Bond shall become mutilated or be destroyed, lost or stolen, the Service in its discretion may execute, and upon its written request the Trustee shall authenticate and deliver, a new Bond in exchange for the mutilated Bond, or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Service and to the Trustee (a) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof and (b) in the case of any destroyed, lost or stolen Bond, such security or indemnity as may be required by them to save each of them harmless from all risks, however remote. The Trustee may authenticate any Bond issued upon such exchange or substitution and deliver such Bond upon the written request or authorization of an Authorized Officer of the Service. Upon the issuance of any Bond upon such exchange or substitution, the Service may require the

payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, costs and expenses of the Service or the Trustee.

If any Bond that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the Service may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Service and to the Trustee evidence to the satisfaction of the Service and to the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof and, in the case of any destroyed, lost or stolen Bond, such security or indemnity as they may require to save them harmless.

Every Bond issued pursuant to the provisions of Section 2.08 of the Indenture in exchange or substitution for any Bond that is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Service, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under the Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Cancellation and Disposition of Bonds. § 2.09.

All mutilated Bonds, all Bonds surrendered for exchange or transfer, all Bonds that have been paid at maturity or upon prior redemption and all Bonds surrendered to the Trustee by the Service for cancellation or purchased by the Trustee with amounts on deposit in the Sinking Fund Account shall be cancelled by the Trustee and disposed of in its customary manner. The Trustee shall deliver to the Service upon its request therefor a certificate of any such disposal of any Bond, identifying the Bond so disposed of.

Subordinate Obligations Authorized. § 2.11.

In addition to any Additional Bonds issued in accordance with Section 2.05 of the Indenture, the Service may issue from time to time other Indebtedness for any purpose for which Additional Bonds may be issued under the Indenture. Each Subordinate Obligation shall be issued pursuant to a Supplemental Indenture, which shall specify the interest rate or rates, maturity, redemption provisions, form, registration provisions and all other details of such Subordinate Obligation. Prior to the issuance of any Subordinate Obligations, there shall be delivered to the Trustee each of the items described in clauses (a), (b), (c), (d), (e), (f) and (g) of Section 2.05 of the Indenture as if such Subordinate Obligations were Bonds. The Service may pledge the Revenues to the payment of any Subordinate Obligations, but such pledge shall be junior and subordinate to the pledge of the Revenues to secure Bonds.

So long as no Event of Default under the Indenture shall have occurred and be continuing, the Service may pay or prepay, or authorize the payment or prepayment of, the principal of and interest on any Subordinate Obligation and no recourse shall be had by the Holder of any Bond against the person to whom any such payment shall have been made unless such person shall have had, at the time of receipt of such payment, knowledge of the insolvency of the Service. During the continuance of any Event of Default under the Indenture, no payments shall be made with respect to the principal of or interest on any Subordinate Obligation.

Redemption of Additional Bonds. § 3.01

Any Additional Bonds shall be subject to redemption as set forth in the Supplemental Indenture established in connection with such Series of Bonds.

Creation of Funds and Accounts. § 4.01

The following funds and separate accounts within funds are created for the benefit of the Holders of all Bonds Outstanding under the Indenture:

Revenue Fund;
Construction Fund;
Debt Service Fund;
- Interest Account,
- Principal Account, and
- Sinking Fund Account;

Debt Service Reserve Fund;
Redemption Fund;
Insurance and Condemnation Award Fund; and
Rebate Fund.

For the purposes of internal accounting, the funds and accounts created pursuant to Section 4.01 of the Indenture may contain one or more accounts or subaccounts, as the Service shall direct in writing. Additional funds and accounts may be established in a Supplemental Indenture.

Each such fund or account shall be held by the Trustee under the Indenture. Pending the application of amounts on deposit therein as provided in the Indenture, such amounts are hereby pledged to the payment of the principal of and interest on all Outstanding Bonds.

The Rebate Fund is not pledged to the payment of any Bonds.

There shall also be established in the Indenture a Refunding Fund in connection with the issuance of the Series 2011 Bonds for the deposit of certain of the proceeds of the Series 2011 Bonds and the application thereof.

Application of Proceeds of Series 2020 Bonds. § 3.01 of the Third Supplemental Indenture

The proceeds of the Series 2020 Bonds, equal to $_____ [(representing the par amount of the bonds of $_____ plus a premium of $_____ minus the underwriter's discount of $_____)] shall be received by the Trustee on behalf of the Service and shall be deposited as follows:

(a) an amount equal to $_____ shall be deposited into the Redemption Fund [established for the Series 2011 Bonds] and transferred to the Escrow Deposit Agent for application in accordance with the Escrow Deposit Agreement; and

(b) [an amount equal to $_____ shall be deposited into the Construction Fund (or a subaccount therein for the Series 2020 Bonds) to pay certain costs of issuance of the Series 2020 Bonds. Payments from the Construction Fund from proceeds of the Series 2020 Bonds shall be made in accordance with requisitions in the form set forth in Appendix B attached hereto signed by an Authorized Officer of the Service, stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment.].

Construction Fund: Deposit and Application of Moneys. § 4.03.

(a) Moneys deposited in the Construction Fund shall be used only to finance or refinance the Costs of or relating to the Project and any Additional Facilities.

(b) Payments from the Construction Fund shall be made in accordance with requisitions signed by an Authorized Officer of the Service, stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment.

(c) Upon receipt of a certificate certifying the completion of the Project or any Additional Facilities in accordance with Section 4.04 of the Indenture, the Trustee shall pay the balance of moneys then remaining in the Construction Fund, less any amounts to be retained in the Construction Fund to pay any unpaid Costs of the Project or such Additional Facilities (as the case may be), as follows and in the following order of priority:

FIRST: to the Debt Service Reserve Fund, such amount as shall be necessary to make the amount credited to the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement; and

SECOND: to the Redemption Fund, any balance on deposit in the Construction Fund after making the payment required above or otherwise applied to such purposes as designated by the Service to the extent there has been delivered to the Trustee and the Service an opinion of Bond Counsel to the effect that such application of proceeds does not adversely affect the excludability from gross income for federal income tax purposes, of interest paid on any Tax-Exempt Bonds therefor issued.

Completion of the Project and Additional Facilities. § 4.04.

Completion of the Project and any Additional Facilities shall be determined by a certificate signed by an Authorized Officer of the Service and delivered to the Trustee. Such certificate shall state that the Project or such

Additional Facilities (as the case may be) is complete and specify the date of completion. Such certificate shall also state the amount of all unpaid Costs of the Project or the Additional Facilities (as the case may be), if any.

Deposit of Revenues. § 4.05; § 3.02 of the Third Supplemental Indenture

(a) On the tenth day of each month, the Service shall pay to the Trustee from the Revenues an amount sufficient to make the deposits required by paragraph (b) for such month. The Revenues and any other moneys paid to the Trustee shall be promptly deposited by the Trustee to the credit of the Revenue Fund.

(b) Except as otherwise expressly provided in the Indenture, the Trustee shall transfer moneys in the Revenue Fund upon deposit thereof as follows and in the following order of priority:

> FIRST: to the Interest Account, the amount, if any, necessary to make the amount on deposit therein equal to the amount of accrued and unpaid interest on the Bonds Outstanding as of the first day of the immediately succeeding month (in the case of any Outstanding Bonds that constitute Variable Rate Indebtedness, calculated on the basis of the actual interest rates borne by such Bonds through the date of such transfer and assuming such Bonds bear interest during any period after the date of such transfer at an annual rate equal to 110% of the interest rate borne by such Bonds on the date of such transfer);
>
> SECOND: (i) to the Principal Account, the lesser of (A) one-twelfth (1/12) of the amount of any principal of the Bonds Outstanding becoming due on the immediately succeeding November 1 (in the case of the Series 2018 Bonds, one-half (1/2) of the amount of any principal of the Series 2018 Bonds becoming due on November 1, 2018 and in the case of the Series 2020 Bonds, one-half (1/2) of the amount of any principal of the Series 2020 Bonds becoming due on November 1, 2020) and (B) the amount required to make the amount on deposit in the Principal Account equal to the principal amount, if any, due on the Bonds Outstanding on the immediately succeeding November 1; provided that transfers with respect to the principal of Bonds the first principal installment of which matures less than one year from the date of initial authentication and delivery of such Bonds shall commence in the first month after the delivery of such Bonds and, prior to the immediately succeeding November 1, the amount provided in clause (A) above with respect to such Bonds shall be equal to the quotient obtained by dividing the amount of such first principal installment by the number of calendar months between the date of authentication and delivery of such Bonds and the immediately succeeding November 1; and
>
> (ii) to the Sinking Fund Account, the lesser of (A) one-twelfth (1/12) of the amount of any Sinking Fund Installment for the Bonds Outstanding becoming due on the immediately succeeding Sinking Fund Installment due date and (B) the amount required to make the amount credited to the Sinking Fund Account equal to the Sinking Fund Installment, if any, becoming due on the Bonds on the immediately succeeding Sinking Fund Installment due date; provided that transfers with respect to Bonds for which the first payment of a Sinking Fund Installment is due less than one year from the date of initial authentication and delivery of such Bonds shall commence in the month after the delivery of such Bonds and, prior to the first succeeding Sinking Fund Installment for such Bonds, the amount provided in clause (A) above with respect to such Bonds shall be equal to the quotient obtained by dividing the amount of such first Sinking Fund Installment by the number of calendar months between the date of authentication and delivery of such Bonds and the first succeeding Sinking Fund Installment due date for such Bonds;

THIRD: to the Debt Service Reserve Fund, beginning in the month immediately succeeding any month in which the Service receives notice of any deficiency in the Debt Service Reserve Fund pursuant to Section 4.07 of the Indenture, one twelfth (1/12) of the amount of such deficiency until the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement; and

FOURTH: to the Operating Fund, beginning in the month immediately succeeding any month in which the Service receives notice of any deficiency in the Operating Fund pursuant to Section 4.10 of the Indenture, one-twelfth (1/12) of the amount of such deficiency until the amount credited to the Operating Fund equals the Operating Reserve Requirement.

After making the payments required above, the Trustee shall pay the balance remaining in the Revenue Fund in the last day of any month to the Service unless the Service determines that such amount constitutes the proceeds of Bonds or the investment earnings thereon, in which case such amount shall be transferred to such funds and accounts as the Service, upon the advice of Bond Counsel, shall direct in writing.

(c) The Service shall pay over to the Trustee and the Trustee shall immediately deposit in the Insurance and Condemnation Award Fund upon receipt thereof (i) all proceeds received under any title insurance policy relative to all or any portion of the Project or any Additional Facilities, (ii) the proceeds of all or any portion of the Project or any Additional Facilities taken in the exercise of the power of eminent domain, condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Service and any such public authority, and (iii) any insurance proceeds payable in connection with the loss, damage or destruction of all or any portion of the Project or any Additional Facilities.

The Service shall pay over to the Trustee and the Trustee shall immediately deposit the proceeds of any use and occupancy insurance policy (A) to the Interest Account, to the extent of the amount of such proceeds that represents interest accruing on the Bonds for the period covered by such payment, and (B) to the Principal Account and the Sinking Fund Account, to the extent of the amount of such proceeds that represents the amount, if any, payable by the Service during the period covered by such payment in respect of the principal of or Sinking Fund Installment for the Bonds.

(d) Moneys paid at any time by the Service to the Trustee for deposit in the Revenue Fund as the result of voluntary payments made by the Service in connection with the optional redemption of the Series 2011 Bonds pursuant to Section 5(a) or 5(c) thereof or the optional redemption of Additional Bonds as provided in any Supplemental Indenture shall be paid to the Redemption Fund immediately upon deposit thereof.

Debt Service Fund: Application of Moneys. § 4.06; § 3.03 of the Third Supplemental Indenture

On each interest payment date, the Trustee shall pay or cause to be paid from the Interest Account the interest due on the Outstanding Bonds. The Trustee also shall pay from the Interest Account any amounts required for the payment of accrued interest upon any purchase or redemption of Outstanding Term Bonds.

On each November 1, the Trustee shall pay or cause to be paid from the Principal Account the principal amount due, if any, on the Outstanding Bonds, upon presentation and surrender of the requisite Bonds.

The Trustee shall take all reasonable action necessary and required by Article III of the Indenture to effect the timely redemption of Outstanding Term Bonds from the Sinking Fund Account in accordance with the Sinking Fund Installments as set forth in the Indenture. Moneys in the Sinking Fund Account shall be applied to the purchase or redemption of Term Bonds as follows:

(a) Subject to the provisions of paragraph (b) of Section 4.06 of the Indenture, prior to each date on which Outstanding Bonds are subject to redemption from any Sinking Fund Installment, the Trustee shall call for redemption from moneys in the Sinking Fund Account such principal amount of Outstanding Term Bonds subject to redemption on such date as, at a price of the principal amount thereof (accrued interest on such Term Bonds being payable from the Interest Account), is equal to the Sinking Fund Installment due on such date, less the amount previously credited against such Sinking Fund Installment in accordance with paragraph (c) of Section 4.06 of the Indenture. On such Sinking Fund Installment due date, the Trustee shall pay or cause to be paid out of the Sinking Fund Account the principal

amount of Term Bonds so called for redemption as provided in this paragraph upon the presentation and surrender of the requisite Bonds.

(b) At the written direction of the Service, the Trustee shall endeavor to purchase Outstanding Term Bonds subject to redemption from the Sinking Fund Installment due on the immediately succeeding Sinking Fund Installment due date at the most advantageous price then obtainable with reasonable diligence. The Trustee shall pay the interest accrued on such Term Bonds from the Interest Account and the purchase price from the Sinking Fund Account, but no such purchase shall be made by the Trustee within a period of 45 days immediately preceding any date on which Term Bonds are subject to redemption from any Sinking Fund Installment, or at a price, including any brokerage and other charges, greater than the principal amount thereof and accrued interest thereon. The aggregate of the purchase prices of the Term Bonds of each Series so purchased in any year shall not exceed the amount deposited in the Sinking Fund Account on account of the Sinking Fund Installment for Term Bonds of such Series due on the immediately succeeding Sinking Fund Installment due date; provided however, that if in any year the amount credited against the Sinking Fund Installment for Term Bonds of any Series in accordance with paragraph (c) of Section 4.06 of the Indenture equals or exceeds the Sinking Fund Installment for such Term Bonds due on the immediately succeeding Sinking Fund Installment due date, any excess deposit in the Sinking Fund Account shall be applied by the Trustee to the purchase of any Term Bonds then Outstanding as shall be directed by the Authorized Officer of the Service.

(c) If (i) the Trustee purchases Term Bonds during any year as provided in paragraph (b) of Section 4.06 of the Indenture, (ii) the Service delivers to the Trustee for cancellation, on or before the 45th day next preceding any Sinking Fund Installment due date, Term Bonds subject to redemption from the Sinking Installment due on such date (provided that the price paid by the Service to purchase any such Bonds, including any brokerage and other charges, shall not exceed the principal amount of such Bonds and accrued interest thereon), or (iii) Term Bonds subject to redemption from the Sinking Fund Installment due on the immediately succeeding Sinking Fund Installment due date are otherwise redeemed during such year, then an amount equal to 100% of the aggregate principal amount of any such Term Bonds so purchased and delivered to the Trustee for cancellation or redeemed (as the case may be) shall be credited against such Sinking Fund Installment.

(d) If the aggregate principal amount of Term Bonds of any Series purchased or redeemed in any year is in excess of the Sinking Fund Installment due on such Term Bonds on the immediately succeeding Sinking Fund Installment due date, the Trustee shall credit such excess against subsequent Sinking Fund Installments for such Term Bonds as directed by an Authorized Officer of the Service.

(e) If the Service shall determine to provide for the payment of any Bonds as provided in Section 9.01 of the Indenture, on the date on which such Bonds are deemed to be paid in accordance with such Section, amounts on deposit in the Debt Service Fund for the payment of the principal or Redemption Price of or interest on such Bonds shall be paid to the escrow deposit agent for such Bonds upon the written direction of an Authorized Officer of the Service.

Debt Service Reserve Fund: Application of Moneys; Deficiencies and Surpluses. § 4.07.

If on any interest payment date the amount in the Interest Account shall be less than the amount of interest then due on the Outstanding Bonds, or if on any November 1 the amount credited to the Principal Account or the Sinking Fund Account shall be less than the amount of the principal or the Sinking Fund Installment then due on the Bonds, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund, first, to the Interest Account, and second, to the Principal Account and the Sinking Fund Account, to the extent necessary to make good any deficiency.

Interest earned and profits realized by reason of the investment of amounts on deposit in a Debt Service Reserve Fund shall be applied as provided in Section 4.11 of the Indenture.

For the purposes of the Indenture, in the Debt Service Reserve Fund:

(i) a "deficiency" shall mean that the value of the assets of the Debt Service Reserve Fund, determined in accordance with Section 4.11 of the Indenture, is less than the Debt Service Reserve Fund Requirement; and

(ii) a "surplus" shall mean that the value of the assets of the Debt Service Reserve Fund, determined in accordance with Section 4.11 of the Indenture, is in excess of the Debt Service Reserve Fund Requirement; provided, however, that interest earned and profits realized by reason of the investment of amounts on deposit in the Debt Service Reserve Fund and required to be transferred to the Debt Service Fund under Section 4.11 of the Indenture shall not create a surplus within the meaning of Section 4.07 of the Indenture even though such amounts shall not have been transferred from the Debt Service Reserve Fund as provided in Section 4.11 of the Indenture.

The Trustee shall determine the value of the assets of the Debt Service Reserve Fund in the manner provided by Section 4.11 of the Indenture and as determined in the Supplemental Indenture related to the Series of Bonds which contains a requirement for the establishment of a Debt Service Reserve Fund.

As promptly as practicable after making such determination, the Trustee shall notify the Service of the result of such determination and of the amount of any deficiency or surplus determined to exist in the Debt Service Reserve Fund.

Unless the Supplemental Indenture authorizing the issuance of any Additional Bonds shall otherwise provide, the Trustee shall transfer the amount of any surplus that exists in the Debt Service Reserve Fund from time to time upon the written direction of the Service as follows:

FIRST: to the Construction Fund during the period between the date of delivery of the Series 2011 Bonds and the Completion Date of the Project; and

SECOND: to the Debt Service Fund.

No Debt Service Reserve Fund Requirement. § 3.03 of the Third Supplemental Indenture.

There shall be no Debt Service Reserve Fund Requirement for the Series 2020 Bonds.

Redemption Fund: Application of Moneys. § 4.08.

(a) On any date on which a determination of the value of the assets of the Debt Service Reserve Fund discloses a deficiency therein, the Trustee shall transfer to the Debt Service Reserve Fund from the Redemption Fund any amount on deposit in the Redemption Fund (other than moneys set aside to pay the Redemption Price of any Bonds theretofore called for redemption and moneys required for the purchase of Bonds theretofore contracted to be purchased) to the extent of such deficiency. The Trustee shall notify the Service of such transfer and the amount thereof.

(b) Subject to the provisions of paragraphs (a), (c) and (d) of Section 4.08 of the Indenture, moneys in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the Service shall direct in writing. At the written direction of an Authorized Officer of the Service, the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable (solely from funds available to it in the Redemption Fund) with reasonable diligence, but no such purchase shall be made by the Trustee (i) within the period of 45 days immediately preceding any interest payment date on which such Bonds are subject to call for redemption under the provisions of the Indenture or (ii) at a price, including any brokerage or other charges, greater than the sum of the Redemption Price of such Bonds on the next interest payment date on which such Bonds are subject to redemption and accrued interest to the date of purchase of such Bonds, provided that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or moneys which are held for payment of Bonds which are no longer Outstanding under the Indenture shall be transferred to the Debt Service Fund.

(c) Notwithstanding the foregoing provisions of Section 4.08 of the Indenture, to the extent provided in any Supplemental Indenture authorizing the issuance of any Series of Additional Bonds (i) moneys available for the redemption or purchase of Bonds on any date shall be allocated among all Series of Bonds in proportion (as nearly as practicable) to the aggregate principal amount of Bonds of each such Series subject to redemption from such amounts on such date and (ii) the Bonds of such Series of Additional Bonds to be purchased or redeemed on any date shall be selected in accordance with the provisions of such Supplemental Indenture.

(d) Upon the written direction of an Authorized Officer of the Service, the Trustee may set aside any amount on deposit in the Redemption Fund for the redemption of particular Bonds by the delivery of irrevocable written instructions to the Trustee directing the Trustee to set aside such amount for such purpose, in which event all of the provisions of Sections 9.01 and 10.04 of the Indenture shall be applicable to such Bonds and the amounts set aside for the payment of such Bonds. Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions.

Insurance and Condemnation Award Fund; Application of Money. § 4.09.

(a) The Service may elect within six months of any loss, damage, destruction or taking of the Project or any Additional Facilities to apply the proceeds resulting therefrom on deposit in the Insurance and Condemnation Award Fund to the repair or replacement of the lost, damaged, destroyed or taken property, if:

(vi) the Service delivers to the Trustee a certificate of an Authorized Officer of the Service in form and substance satisfactory to the Trustee, setting forth his estimate of the cost of repairing or replacing the lost, damaged, destroyed or taken property to be repaired or replaced and the time required therefor; and

(vii) the Service delivers to the Trustee a certificate of an Authorized Officer of the Service that (1) the amount of such proceeds, together with any other moneys deposited or available for deposit in the Insurance and Condemnation Award Fund (which may include, without limitation, amounts available to be drawn under a letter of credit, guaranty or other instrument delivered to the Trustee for the credit of the Insurance and Condemnation Award Fund) will be sufficient to pay the costs of repairing or replacing the lost, damaged, destroyed or taken property to be repaired or replaced, (2) the Coverage Ratio for each of the two Fiscal Years following restoration of the Project or any Additional Facilities (taking into account proceeds of insurance available to the Service for each Fiscal Year during the period of restoration) is projected to be at least 1.00 and (3) neither the Service nor any of the Subdivisions is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of any of the Agreements, and the Agreements are in full force and effect.

(b) The Service may elect within six months of any loss, damage, destruction or taking of the Project or any Additional Facilities to apply any proceeds resulting therefrom on deposit in the Insurance and Condemnation Award Fund to the redemption of Outstanding Bonds if:

(i) the Service either delivers to the Trustee a certificate of an Authorized Officer of the Service to the effect that (after giving effect to the redemption of such Bonds) the Coverage Ratio for each Fiscal Year during the period covered by projections contained in such certificate, which shall be a period of at least two full Fiscal Years or such longer period as shall be deemed advisable by the Service, is projected to be at least 1.00; or

(ii) the Service shall pay to the Trustee for deposit in the Insurance and Condemnation Award Fund an amount of money that, together with any other moneys held to the credit of the funds and accounts created by the Indenture, shall be sufficient to provide for the redemption of all Outstanding Bonds in the manner provided by the Indenture.

(c) The Service may elect to apply a portion of such proceeds to the repair or replacement of the lost, damaged, destroyed or taken property and to apply the remaining proceeds to the redemption of Outstanding Bonds so long as the Service shall satisfy the requirements of paragraphs (a) and (b) above.

(d) If any portion of the Project or any Additional Facilities shall be lost, damaged or destroyed as a result of a casualty as to which insurance has not been maintained as required under the terms of the Indenture, and if the amount of such loss, damage or destruction is in excess of $500,000, the Service shall elect, promptly after such loss, damage or destruction, either to expend for repairs, restoration or replacement of the property lost, damaged or destroyed such sum as may be required therefor, or to pay such sum to the Trustee; provided, however, that if in any single Fiscal Year such loss, damage or destruction is in an aggregate amount equal to or in excess of $750,000, and the Service shall not have elected to repair or replace the lost, damaged or destroyed property within six months of such loss, damage or destruction, then the Service shall either (i) deliver to the Trustee a certificate of an Authorized Officer of the Service to the effect that the Coverage Ratio for each Fiscal Year during the period

covered by projections contained in such certificate, which shall be a period of at least two full Fiscal Years or such longer period as shall be deemed advisable by the Service, is projected to be at least 1.00, or (ii) forthwith pay to the Trustee for deposit in the Insurance and Condemnation Award Fund the amount that, together with any other moneys in the funds and accounts established by the Indenture, shall be sufficient to provide for the redemption of all Outstanding Bonds. Notwithstanding any other provision of this paragraph, the Service may elect within such six-month period to repair or replace some of the lost, damaged or destroyed property and to pay the remaining sum (and any additional moneys) to the Trustee to be applied to the redemption of Outstanding Bonds if the Service's certificate delivered to the Trustee pursuant to clause (i) above indicates that the Coverage Ratio for each Fiscal Year during the period extending through the second full Fiscal Year after the date of completion of such repairs: or replacements is projected to be at least 1.00.

(e) As used in Section 4.09 of the Indenture, the terms "repair" and "replace" include: (without limitation) the construction or acquisition of replacement or substitute property, structures, machinery, equipment or other improvements having a fair market value (but not necessarily the same function) at least equal to the fair market value, immediately prior to loss, damage or destruction or taking, of the property lost, damages, destroyed or taken. The election of the Service to repair or replace any lost, damaged, destroyed or taken property shall be made by a written certification of an Authorized Officer of the Service to the effect that the Service has entered into substantial, binding commitments for such repair or replacement.

(f) The Service shall adjust losses under property and business interruption insurance policies related to the Project or any Additional Facilities as promptly as practicable and with due regard to the interests of the Trustee and the Holders of Bonds. Any adjustment of any loss, damage or destruction in an amount in excess of $200,000 under any policy of casualty insurance and any settlement or payment of indemnity in an amount in excess of $200,000 under any such policy shall be evidenced by an appropriate certificate, filed with the Trustee signed by an Authorized Officer of the Service.

(g) If any public authority or other entity, in the exercise of its power of eminent domain or condemnation power or through the exercise of any right or obligation on the part of such entity, or as a result of any agreement between the Service and such entity made in lieu of condemnation proceedings, takes or damages the Project or any Additional Facilities, or any part thereof, the Service shall take prompt and appropriate measures to protect and enforce its rights and interests and those of the Trustee in connection with any condemnation proceeding. Prompt written notice of any taking, loss, damage or destruction of any part of the Project or any Additional Facilities or of any official notice thereof or of the institution of any proceeding therefor by any public instrumentality, body, agency or officer shall be given to the Trustee.

(h) If moneys on deposit in the Insurance and Condemnation Award Fund are to be used to pay the costs of repair or replacement of lost, damaged, destroyed or taken property, such moneys shall be disbursed by the Trustee from time to time to or at the direction of the Service in accordance with requisitions meeting the requirements of Section 4.03 of the Indenture.

If moneys on deposit in the Insurance and Condemnation Award Fund are to be applied to the redemption of Bonds, such moneys shall be transferred by the Trustee upon the written direction of an Authorized Officer of the Service to the Redemption Fund to be applied to the extraordinary redemption of Bonds on the earliest practicable redemption date.

Operating Fund; Application of Moneys. § 4.10.

(a) On or before the Closing Date, the Service shall deposit into the Operating Fund, from its own funds, an amount equal to the Operating Reserve Requirement.

(b) The Service shall withdraw amounts from the Operating Fund on any date in order (i) to pay any operating expenses of the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (ii) to pay the costs of normal equipment additions to the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (iii) to pay the costs of acquisition of capital improvements to the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, (iv) to pay the costs of extraordinary maintenance and repair of the Mid-Shore II Landfill, any Additional Facilities or any Alternative Site, and (v) for any other purpose relating to the provision of waste disposal services under the Agreements. For record-keeping purposes, the Service shall provide the Trustee with a certificate executed by an Authorized Officer of the Service setting forth in sufficient detail the purpose for and the amount of such disbursement and stating that moneys held by the Service on such date and available for such purpose are not sufficient for such purpose.

(c) For the purposes of the Indenture, when used with respect to the Operating Fund, a "deficiency" shall mean that the value of the assets of the Operating Fund, determined by the Service on July 2, October 2, January 2 and April 2 of each year, is less than the Operating Reserve Requirement. The Service, in its sole discretion, shall determine the value of the assets of the Operating Fund on a quarterly basis on the dates set forth above as of the close of business (i) on such Business Days in each year for the previous Fiscal Year and (ii) on the date of any withdrawal from the Operating Fund. If a deficiency exists, the Service shall commence deposits to the Operating Fund on the last Business Day of each month until the Service determines that a deficiency no longer exists in the Operating Fund but in any event such deficiency shall be cured by the Service no later than two (2) years from the date the deficiency was first determined. An Authorized Officer of the Service shall promptly provide written notice to the Trustee and any Credit Facility Provider (i) of the existence of any deficiency determined to exist in the Operating Fund and (ii) of the date on which the Operating Fund has been funded in the amount of the Operating Reserve Requirement.

(d) No later than November 1 in each Fiscal Year, so long as no Event of Default shall have occurred and be continuing, the Service may transfer to any other account or fund held by the Service any amount on deposit in the Operating Fund on such date in excess of the Operating Reserve Requirement.

Notwithstanding anything in the Indenture to the contrary, amounts on deposit in the Operating Fund shall not be pledged to the payment of the principal of or interest due on the Series 2020 Bonds or any Additional Bonds.

Investment of Moneys; Application of Earnings on Debt Service Reserve Fund. § 4.11.

Subject to the provisions of Section 4.13 of the Indenture, moneys in any of the funds and accounts established by the Indenture shall be invested by the Trustee, as shall be directed in writing by an Authorized Officer of the Service, but only in Investment Obligations maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts. Notwithstanding the foregoing, (i) moneys in the Interest Account which constitute capitalized interest or accrued interest on the Bonds shall be invested only in Government Obligations or, with the consent of any Credit Facility Provider, if applicable, in any other Investment Obligations, and (ii) moneys in the Debt Service Reserve Fund shall be invested only in Investment Obligations maturing or redeemable at the option of the Holder not later than ten years following the date of their purchase.

Subject to the provisions of Section 4.13 of the Indenture and the further provisions of Section 4.11 of the Indenture, interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by the Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made; provided, however, that during the period between the date of delivery of the Bonds and the Completion Date of the Project and, unless the Supplemental Indenture authorizing the issuance of any Additional Bonds shall otherwise provide, during the period between the date of delivery of any Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds, the Trustee shall pay to the Construction Fund from the Interest Account an amount equal to the interest earned from the investment of money in the Interest Account which, together with other money on deposit in the Interest Account, is in excess of the amount required to pay interest on the Bonds on the next succeeding interest payment date.

Interest earned, profits realized and losses suffered by reason of any investment of the Debt Service Reserve Fund shall be calculated by the Trustee on each date on which the Trustee is required to determine the value of the assets of the Debt Service Reserve Fund in accordance with Section 4.07 of the Indenture. The net investment result for the Debt Service Reserve Fund for any such period is a gain (by virtue of either interest earned or profits realized), the amount of such investment gain shall be credited to the Debt Service Reserve Fund to the extent that there exists a deficiency therein, and the balance of such investment gain, if any, shall be credited by the Trustee from time to time upon the direction of the Service as follows: (i) to the Construction Fund during the period between, the date of delivery of the applicable Series of Bonds and the Completion Date of delivery of the Project and, unless the Supplemental Indenture authorizing the issuance of any Additional Bonds shall otherwise provide, during the period between the date of delivery of any Additional Bonds and the Completion Date of any Additional Facilities financed with the proceeds of such Additional Bonds; and (ii) in any other case, to the Debt Service Fund for deposit in such accounts as the Service shall direct.

The Trustee may sell or redeem any obligations in which moneys shall have been invested as in Section 4.11 of the Indenture provided to the extent necessary to provide cash in the respective funds or accounts to make any payments required to be made therefrom or to facilitate the transfers of moneys between various funds and

accounts as may be required or permitted from time to time pursuant to the provisions of the Indenture. The proceeds from the sale of any investment shall be paid into the fund or account for which the sale thereof was made.

In determining the value of the assets of the funds and accounts created by the Indenture (i) investments and accrued interest thereon shall be deemed a part thereof, and (ii) investments shall be valued at amortized cost or current market value, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the Holder (in any case net of the cost of liquidating such investments).

Unless otherwise provided in a Supplemental Indenture, in determining the value of the assets of the Debt Service Reserve Fund, there shall be credited to the Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met: (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee and throughout the period during which such Debt Service Reserve Fund Credit Facility is credited to the Debt Service Reserve Fund, the unsecured long-term indebtedness or the claims-paying ability of the issuer of such Debt Service Reserve Fund Credit Facility or its parent holding company or other controlling entity is rated by each Rating Agency which maintains a rating on the Bonds secured thereby in a rating category not lower than the rating category in which such Bonds are then rated; (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts under the Indenture (A) at such times as the Trustee is required to transfer any amount (other than any surplus) from the; Debt Service Reserve Fund in accordance with the Indenture and (B) immediately prior to the expiration date of such Debt Service Reserve Fund Credit Facility unless all Bonds secured thereby shall have been paid within the meaning of Article IX of the Indenture prior to such date or there shall have been deposited in the Debt Service Reserve Fund money or securities authorized for investment of the Debt Service Reserve Fund (including, without limitation, any substitute Debt Service Reserve Fund Credit Facility meeting the requirements of this paragraph) equal to the Debt Service Reserve Fund Requirement; (iii) in connection with the delivery of such Debt Service Reserve Fund Credit Facility, the Trustee shall have agreed to make the drawings permitted by clause (ii) above; and (iv) if the amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Revenues, such amounts shall be payable in no fewer than 12 equal monthly installments.

The Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by the Indenture shall be invested, as set forth above, or for any loss arising from any investment permitted in the Indenture. The investments authorized by Section 4.11 of the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time.

The Trustee may conclusively rely upon the Service's written directions as to both the suitability and legality of all investments directed under the Indenture. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates and subsidiaries, and my charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of written investment instructions from the Service, the Trustee shall not be responsible or liable for keeping the moneys held by it under the Indenture fully invested in investments.

Although the Service recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Service agrees that confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Bonds Not to be Arbitrage Bonds; Rebate Fund. § 4.13.

The Director and the Treasurer of the Service shall be the officials of the Service responsible for issuing the Bonds (the "Section 148 Certifying Officials"). The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax-Exempt Bonds) a certificate of the Service (each such certificate, as it may be amended and supplemented from time to time in accordance with Section 4.13 of the Indenture, being referred to in the Indenture as a "Tax and Section 148 Certificate") that complies with the requirements of Section 148 of the Code or any successor to such Section in effect on the date of issuance of any Tax-Exempt Bonds ("Section 148").

The Service shall set forth in such Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Tax-Exempt Bonds, or of any moneys, securities or other obligations that may be deemed to be proceeds of such Tax-Exempt Bonds within the meaning of Section 148 (collectively, "Bond Proceeds").

The Service covenants that (i) the facts, estimates and circumstances set forth in each Tax and Section 148 Certificate will be based on the Service's reasonable expectations on the date of delivery of such certificate and will be, to the best of the Section 148 Certifying Officials' knowledge, true, correct and complete as of that date, and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth, correctness and completeness.

The Service further covenants that it will not make, or (to the extent it exercises control or direction) permit any Subdivision to make, any use of the Bond Proceeds that would cause any Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148.

The Service further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax-Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds. To the extent that provisions of Section 148 apply only to a portion of any Tax-Exempt Bonds, it is intended that the covenants of the Service contained in Section 4.13 of the Indenture be construed so as to require the Service to comply with Section 148 only to the extent of such applicability.

The Service further covenants that it will comply with all covenants contained in each Tax and Section 148 Certificate with respect to any Tax-Exempt Bonds which are continuing covenants of the Service; provided, however, that such compliance will not be required upon delivery to the Trustee of an opinion of Bond Counsel to the effect that such non-compliance will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds theretofore issued.

The Service shall (i) hold and invest Bond Proceeds within its control (if such proceeds are invested), (ii) direct the Trustee to transfer, amounts on deposit in any fund or account created by the Indenture to the Rebate Fund and (iii) deposit funds with the Trustee for deposit to the Rebate Fund or otherwise make funds available for the payment of rebate to the United States of America, all in accordance with the expectations of the Service set forth in the Tax and Section 148 Certificate.

The Service shall make timely payment, but only from the Revenues, of any rebate amount (or installment thereof) required to be paid to the United States of America in order to preserve the excludability from gross income, for federal income tax purposes, of interest paid on the Tax-Exempt Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then-applicable law and regulations.

Upon receipt of written notice from an Authorized Officer of the Service directing the transfer of amounts on deposit in any fund or account created by the Indenture to the Rebate Fund, the Trustee shall make the transfer referred to therein, any other provision of the Indenture to the contrary notwithstanding. Amounts on deposit in the Rebate Fund from time to time required to be rebated to the United States of America pursuant to Section 148 shall be made available by the Trustee to the Service for the payment of such rebates upon the written direction of an Authorized Officer of the Service and shall not be pledged to the payment of the principal or Redemption Price of or interest on any Bonds.

Upon receipt of written notice from an Authorized Officer of the Service directing the transfer of amounts on deposit in the Rebate Fund to any fund or account created by the Indenture, the Trustee shall make the transfer referred to therein; provided, however, that the Service shall not direct the amount transferred to exceed the excess of the amount on deposit in the Rebate Fund over the rebate liability as of the date of calculation by the Service, less amounts theretofor paid to the United States as rebate with respect to the Bonds.

The Section 148 Certifying Officials may execute an amendment or supplement to any Tax and Section 148 Certificate upon delivery to the Trustee of an opinion of Bond Counsel to the effect that actions taken by the Service in accordance with such amendment or supplement will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds theretofore issued.

Neither the Service nor the Trustee shall incur any liability in connection with any action as contemplated in the Indenture so long as the Service and the Trustee act in good faith.

As used in Section 4.13 of the Indenture, "rebate" means the required rebate payable to the United States of America and any penalty in lieu of rebate pursuant to Section 148(f) of the Code.

Payment of Principal and Interest. § 5.01.

The Service shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond on the date, at the place and in the manner provided in the Indenture and in the Bonds according to the

true intent and meaning thereof; provided, however, that the Bonds are limited obligations of the Service the principal or Redemption Price of and interest on which are payable solely from the Revenues.

The Bonds shall not be payable from the general funds of the Service and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Service or upon any of its income, receipts or revenues, except as provided in the Indenture. The Bonds do not constitute a debt or liability of the State of Maryland, of any political subdivision thereof (including the Subdivisions) or of the Service. Neither the State of Maryland nor any political subdivision thereof (including the Subdivisions) nor the Service shall be obligated to pay the principal or Redemption Price of or interest on, or the purchase price of, the Bonds except from the Trust Estate. Neither the faith and credit nor the taxing power of the State of Maryland, of any political subdivision thereof (including the Subdivisions) or of the Service is pledged to the payment of the Bonds. The issuance of the Bonds is not directly or indirectly or contingently an obligation, moral or other, of the State of Maryland, of any political subdivision thereof (including the Subdivisions) or of the Service to levy any tax or take any appropriation for their payment. The Service has no taxing power.

Performance of Covenants, Undertakings and Agreements; Representations as to Authorization and Validity of Bonds. § 5.02.

The Service shall faithfully perform at all times all of its covenants, undertakings and agreements contained in the Agreements and any Bond executed, authenticated and delivered under the Indenture or in any proceedings of the Service pertaining thereto. The Service shall take all legally available action to cause the Subdivisions to perform fully all duties and acts and comply fully with the covenants of the Subdivisions contained in the Agreements.

The Service represents and covenants that (i) it is duly authorized under the Constitution and laws of the State of Maryland, particularly the Act, to issue the Bonds and to enter into the Agreements and to pledge the Trust Estate in the manner and to the extent set forth in the Indenture; (ii) all action on its part for the issuance of the Series 2011 Bonds has been duly and effectively taken; and (iii) the Series 2011 Bonds are and will be valid and binding limited obligations of the Service according to their terms.

Liens, Encumbrances and Charges. § 5.03.

The Service shall not create and shall not suffer to remain any lien, encumbrance or charge upon its interest in the Revenues, except for the pledge created for the security of the Bonds and, to the extent provided in the Indenture, any Additional Bonds and Subordinate Obligations and Permitted Encumbrances. The Service will cause to be discharged, or will make adequate provisions to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands that, if unpaid, might by law become a lien upon its interest in the Revenues; provided, however, that nothing contained in Section 5.03 of the Indenture shall require the Service to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings. Except for Subordinate Obligations and Permitted Encumbrances, so long as any Bonds or Additional Bonds shall be Outstanding, the Service shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds secured by any pledge of or other lien or charge on the Revenues under the Indenture. The Service shall not create or cause to be created any lien or charge on the Revenues, other than the lien on and pledge of the Revenues authorized by the Indenture to secure the Bonds, Additional Bonds, any Subordinate Obligations and Permitted Encumbrances.

Accounts and Audits. § 5.04.

The Service shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Bonds, the Project, any Additional Facilities and the funds and accounts created by the Indenture, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Service) shall be subject to the inspection of the Trustee, any Credit Facility Provider or any Bondholder or representative of such Bondholder duly authorized in writing. The Service shall cause such books and accounts to be audited annually within 120 days after the end of its Fiscal Year by an Independent Public Accountant selected by the Service. Annually within 30 days after the receipt by the Service of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Trustee and the Service pursuant to the provisions of the Indenture; (ii) a statement of the Revenues collected by the Service and the Trustee during such fiscal year; and (iii) a statement as to whether the balance in the Debt Service Reserve Fund meets the requirements of the Indenture. A copy of such report shall also be furnished by the Service to each of the Rating Agencies and to any Credit Facility Provider.

Amendment of the Project and Additional Facilities. § 5.05.

The Service shall not consent to any amendment of the Project or any Additional Facilities which shall: (i) increase the cost of the Project or such Additional Facilities to an amount in excess of the amount of moneys available or reasonably expected to become available for the payment of such costs, or (ii) decrease the scope of the Project or such Additional Facilities so that the Project or such Additional Facilities, as decreased in scope, would cease to be an economically feasible or functional facility.

Nothing contained in Section 5.05 of the Indenture shall be construed to prohibit the Service from exercising its judgment and discretion in reducing the scope of the Project or any Additional Facilities in the event that (i) unforeseen circumstances would result in inadequate money to complete the project or such Additional Facilities and (ii) such inadequacy could not reasonably be remedied by the issuance of Bonds or otherwise.

Rate Covenant. § 5.07.

(a) The Service shall fix charge and collect Tipping Fees in each Fiscal Year which, together with other Landfill Revenues plus Supplemental Fees for such Fiscal Year, shall be at least equal to Total Costs for such Fiscal Year.

(b) If the Tipping Fees, together with other Landfill Revenues plus Supplemental Fees imposed and collected by the Service shall be less than the amount required under paragraph (a) of Section 5.07 of the Indenture in any Fiscal Year, the Service shall within five (5) Business Days set forth its written recommendations with respect to such Tipping Fees and Landfill Revenues and with respect any improvements or changes in the operations of or the services rendered by Service under the Agreements to each Subdivision (and a copy to the Trustee and any Credit Facility Provider).

(c) To the extent permitted by Applicable Law and as permitted by the Agreements, the Service promptly shall revise its Tipping Fees and other charges in conformity with any such recommendations. If the Service shall revise such Tipping Fees and other charges in conformity with the recommendations provided in paragraph (b) of Section 5.07 of the Indenture, then the failure of the Service to meet the requirements of paragraph (a) of Section 5.07 of the Indenture for such Fiscal Year shall not constitute an Event of Default under the Indenture.

(d) Nothing set forth in Section 5.07 of the Indenture shall be construed to excuse the Service from the payment in timely manner of all amounts due under the Indenture or the performance of any other obligation of the Service under the Indenture.

Insurance. § 5.08.

The Service shall maintain, or cause to be maintained, through the Treasurer of the State, insurance of the types and in the amounts it, in consultation with the Treasurer of the State, deems prudent and reasonable.

Indemnification; Responsibilities of the Trustee. §§ 6.02 and 6.03.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under the Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created or in the enforcement of any rights and powers under the Indenture, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements, and against all liability, including, by not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances, except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Service shall promptly reimburse the Trustee from the Revenues for all costs and expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements properly incurred in connection therewith. If the Service shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of the Indenture and shall be entitled to a preference therefor over any Bonds Outstanding under the Indenture.

The recitals contained in the Indenture and in the Bonds shall be taken as the statements of the Service and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Indenture or with respect to the security afforded by the Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in the Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the Service or others in accordance with the Indenture except as to the application of any moneys paid to it in its capacity as Trustee.

The duties and obligations of the Trustee shall be determined by the express provisions of the Indenture and no implied obligations or covenants shall be read into the Indenture against the Trustee. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture.

The permissive right of the Trustee to things enumerated in the Indenture shall not be construed as a duty. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with any Bonds. None of the provisions of the Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under the Indenture arising out of or caused directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Notwithstanding the effective date of the Indenture or anything to the contrary in the Indenture, the Trustee shall have no liability or responsibility for any act or event relating to the Indenture which occurs prior to the date the Trustee formally executes the Indenture and commences acting as Trustee under the Indenture. The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture or any other document reasonably relating to the Bonds sent by the Service by unsecured email, facsimile transmission or other similar unsecured electronic methods, provided however, that the Service shall provide to the Trustee an incumbency certificate of an Authorized Officer of the Service, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Service elects to give the Trustee email or facsimile instructions (or instructions by a similar Electronic Means) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Service agrees to assume all risks arising out of the use of such Electronic Means to submit instructions and directions to the Trustee, including, without limitation, the risk that the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under the Indenture except for its own negligence or willful misconduct.

Property Held in Trust. § 6.04.

All moneys and securities held by the Trustee at any time pursuant to the terms of the Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of the Indenture.

Compensation. § 6.06.

Unless otherwise provided by written contract with the Trustee, the Service shall pay to the Trustee from the Revenues, from time to time, reasonable compensation for all services rendered by it under the Indenture, including its services as Registrar, together with all its reasonable expenses, charges and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts created and the exercise of its powers and the performance of its duties under the Indenture, and the Trustee shall have a lien therefor on any and all funds at any time held by it under the Indenture prior to any Bonds Outstanding. To the extent permitted by law, the Service from the Revenues shall indemnify and save the Trustee harmless against any expense and liabilities (including, but not limited to, reasonable attorney's fees, costs and expenses) that the Trustee may incur in the exercise and performance of its powers and duties under the Indenture that are not due to its own negligence or willful misconduct. If the Service shall fail to make any payment required by Section 6.06 of the Indenture, the Trustee may make such payment from any moneys in its possession under the provisions of the Indenture and shall be entitled to preference therefor over any Bonds Outstanding under the Indenture. Such indemnity shall survive the termination of the Indenture or the earlier resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Permitted Acts. § 6.07.

The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell own, hold and deal in Bonds or Subordinate Obligations and may join in any action that any Holder of Bonds or Subordinate Obligations may entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act, as a member of, or in any other capacity with respect to, the Service or any committee formed to protect the rights of Holders of Bonds or Subordinate Obligations or to effect or aid in any reorganization growing out of the enforcement of the Bonds, any Subordinate Obligation or the Indenture, whether or not such committee shall represent the Holders of a majority of the Bonds or Subordinate Obligations.

Resignation of the Trustee. § 6.08.

The Trustee may at any time resign and be discharged of its duties and obligations under the Indenture by giving not fewer than 45 days' written notice, specifying the date when such resignation shall take effect, to the Service, any Credit Facility Provider and each Holder of any Outstanding Bonds or Subordinate Obligations. Such resignation shall take effect upon the date specified in such notice or prior thereto in the event a successor shall have been previously appointed by the Service or the Holders of Bonds as provided in Section 6.10 in the Indenture, in which event such resignation shall take effect immediately on the appointment of such successor and the acceptance of such appointment by such successor.

Removal of Trustee. § 6.09.

The Trustee may be removed by the Service or the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the Service. Facsimile copies of each such instrument shall be delivered by the Service to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Service or of the Holders of not less than ten percent of the Bonds.

Successor Trustee. § 6.10.

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee under the Indenture shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with written notification thereof being given to the predecessor Trustee and the Service.

Until such successor Trustee shall have been appointed by the Holders of Bonds, the Service shall forthwith appoint a Trustee to act under the Indenture. Copies of any instrument of the Service providing for any such appointment shall be delivered by the Service to the Trustee so appointed and the predecessor Trustee. The Service

shall mail notice of any such appointment to each Holder of any Outstanding Bonds or Subordinate Obligations within 30 days after such appointment. Any appointment of a successor Trustee made by the Service immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Holders of Bonds.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any written notice of resignation in accordance with Section 6.08 in the Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder of Bonds or Subordinate Obligations may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of Section 6.10 of the Indenture shall be a commercial bank or trust company or national banking association (i) having a capital and surplus aggregating at least $50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by the Indenture.

Transfer of Rights and Property to Successor Trustee. § 6.11.

Any successor Trustee appointed under the provisions of Section 6.10 in the Indenture shall execute, acknowledge and deliver to its predecessor and the Service an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor under the Indenture, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on written request of the Service or of such successor, and upon payment of its reasonable charges under the Indenture, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Trustee and all the right, title and interest of such Trustee in and to the Trust Estate, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions set forth in the Indenture. Should any deed, conveyance or instrument in writing from the Service be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Service.

Events of Default. § 7.01.

Each of the following events is declared to constitute an event of default by the Indenture (an "Event of Default"):

(a) payment of the principal of any Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or payment of the purchase price of any Bond required by its terms to be purchased from the Holder thereof by the Service on any date prior to its stated maturity shall not be made in accordance with the terms thereof on such date; or

(b) payment of interest on any Bond shall not be made when the same shall become due and payable; or

(c) an order or decree shall be entered with the consent or acquiescence of the Service appointing a receiver or receivers of the Revenues, or such order or decree, having been entered without the consent or acquiescence of the Service, shall not have been vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

(d) any proceeding shall be instituted with the consent or acquiescence of the Service for the purpose of effecting a composition between the Service and its creditors, or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted if the claims of such creditors are under any circumstances payable from the Trust Estate; or

(e) the Service shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in any Bond or in the Indenture on

the part of the Service to be performed, which default, except for those defaults described in paragraphs (a) through (d), inclusive, shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Service by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of not less than 25% of the Bondholders.

A default under the Indenture with respect to the Bonds shall not be or constitute a default under any other indenture entered into by the Service or with respect to any other Indebtedness of the Service, and no default under any other indenture entered into by the Service or with respect to any other Indebtedness of the Service shall be or constitute a default under the Indenture.

Acceleration of Maturity. § 7.02.

Upon the happening and continuance of any Event of Default specified in Section 7.01 in the Indenture, then and in every such case the Trustee may, and upon the written request of not less than 25% of the Bondholders shall, by a notice in writing to the Service, declare the principal of all of the Outstanding Bonds to be due and payable. The Trustee also shall declare the principal of all Outstanding Bonds to be due and payable upon the written direction of the Service following the occurrence of any Event of Default under the Agreements. Notwithstanding the foregoing, the Trustee may not declare the principal of any Series of Bonds to be due and payable without the prior written consent of any person whose consent shall be required for such declaration under the terms of the Supplemental Indenture authorizing the issuance of such Bonds.

Upon the giving of notice of such declaration such principal shall become and be immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may (but in the event that such declaration has been made upon the request of the Bondholders, only with the written consent of not less than 25% of the Bondholders), by written notice to the Service, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date) and the principal of all matured Bonds (except the principal of any Bonds due only as a result of such declaration); (ii) sufficient moneys shall have accumulated and be available to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds, in the Indenture or in the Agreements of which the Trustee has actual knowledge shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. For purposes of declaring and annulling any default under the Indenture, the Trustee shall be deemed to have knowledge of any failure by the Service to make any payments of the principal of, either at maturity or by proceedings for redemption or otherwise, or interest on the Bonds when the same shall become due and payable.

Enforcement and Priority of Payments following Default. §§ 7.03 and 7.04.

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of not less than 10% of the Holders of Bonds shall proceed, to protect and enforce its rights and the rights of the Holders of Bonds under the laws of the State of Maryland and under the Indenture and any Credit Facility (including any Debt Service Reserve Fund Credit Facility) by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained herein or therein, or in aid or execution of any power herein or therein granted, or for an accounting against the Service as if the Service were the trustee of an express trust or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from or to the Service, for principal of or interest on the Bonds, or otherwise under any of the provisions of the Indenture or of any Bond, with interest on overdue payments of principal at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of Bonds, and to recover and enforce judgment or decree against the Service, but solely as provided in the Indenture and in the Bonds for any portion of such amounts remaining unpaid and to collect in any manner provided by law the moneys adjudged or decreed to be payable.

If at any there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee under the Indenture together with any moneys thereafter becoming available for such purpose, whether through exercise of the remedies provided in Article VII of the Indenture or otherwise, shall be applied as follows:

(a) Unless the principal of all Outstanding Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable, in the order of their due dates, with interest upon the principal amount of such Bonds from the respective dates upon which they shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds; and

THIRD: to the payment of the interest on and the principal of the Bonds Outstanding as the same become due and payable; and

(b) if the principal of all Outstanding Bonds shall have become due by their terms or the principal of all Outstanding Bonds subject to acceleration shall have become due and payable by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee may determine in its sole discretion, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders of Bonds shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Service, to any Holder of any Bond or Subordinate Obligation or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date for the Bonds unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date; provided, however, that the provisions of this paragraph shall be subject in all respects to the provisions of the Bonds with respect to the payment of defaulted interest on the Bonds. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Majority of the Holders May Control Proceedings. § 7.06.

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority of the Bonds shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

Restrictions upon Action by Individual Holders. § 7.07.

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust under the Indenture or for any other remedy under the Indenture unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) the Holders of not less than 10% of the Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or to, any other remedy under the Indenture; provided, however, that notwithstanding the foregoing provisions of Section 7.07 of the Indenture and without complying therewith, the Holders of not less than 10% of the Bonds may institute any such suit, action or proceeding in their own names for the benefit of all Holders of Bonds.

It is understood and intended that, except as otherwise provided above, no one or more Holders of Bonds shall have any right in any manner whatever by his or her or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided and for the benefit of all Holders of Bonds and that any individual right of action or other right given by law to one or more of such Holders is restricted by the Indenture to the rights and remedies provided.

Actions by Trustee. § 7.08.

All rights of action under the Indenture or under any Bond may be enforced by the Trustee without the possession of any of such Bond or the production thereof at the trial or other proceeding relative, thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all Holders of Bonds, all subject to the provisions of the Indenture. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debt relief law.

No Remedy Exclusive. § 7.09.

No remedy conferred upon or reserved to the Trustee or to the Holders of Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No Delay or Omission Construed as a Waiver; Waiver of Default. § 7.10.

No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power accruing upon any default shall impair any such right or power, nor shall any such delay or omission be construed to be a waiver of any such default or acquiescence therein. Every power and remedy given by Article VII of the Indenture to the Trustee and the Holders of Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Holders of at least a majority of the aggregate principal amount of Bonds of a Series then Outstanding shall, waive any default with respect to Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Notice of Default. § 7.11.

The Trustee shall mail to all Holders of Bonds and Subordinate Obligations written notice of the occurrence of any Event of Default of which the Trustee shall have actual knowledge within 30 days after such Event of Default shall have occurred and be known to it. If in any period from November 2 to the subsequent November 1 the total amount of deposits to the credit of the Debt Service Fund shall be less than the amount required to have been so deposited under the provisions of the Indenture, the Trustee, on or before the 30th day of the immediately succeeding November 1, shall mail to all Holders of Bonds and Subordinate Obligations a written notice of the failure to make such deposits. The Trustee shall not be subject to any liability to the Service, any Bondholder or Holder of Subordinate Obligations by reason of its failure to mail any notice required by Section 7.11 of the Indenture.

Any provision of the Indenture to the contrary notwithstanding, the Trustee shall not be obligated to provide Holders of Bonds and Subordinate Obligations written notice of any Event of Default except for Events of Default specified in Section 7.01(a) and (b) in the Indenture if the Trustee shall have determined in its discretion that the provision of notice of such Event of Default is not in the best interests of the Holders of Bonds.

The Service and the Trustee shall notify any Credit Facility Provider within five Business Days after the designated corporate trust department of the Trustee has received notice or has actual knowledge of (i) an Event of Default specified in Section 7.01 in the Indenture, (ii) the withdrawal of amounts on deposit in any Debt Service Reserve Fund other than investment earnings on amounts on deposit therein or any surplus as defined in Section 4.07 in the Indenture, or (iii) the failure to receive any amount required to be deposited to the Debt Service Fund to pay principal of or interest on the Series 2011 Bonds when due.

Modification or Amendment Without Consent. § 8.01.

Without notice to or the consent of the Holders of the Bonds, the Service and the Trustee may enter into at any time or from time to time a Supplemental Indenture supplementing, modifying or amending the Indenture or any Supplemental Indenture for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such Holders;

(b) to add to the covenants and agreements of the Service contained in the Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Project, or relative to the application, custody, use or disposition of the proceeds of Bonds or Subordinate Obligations so long as no such covenant or agreement shall prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such covenant or agreement shall become effective;

(c) to surrender to the Trustee any right, power or privilege reserved to or conferred upon the Service by the Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Indenture), the Trust Estate;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture, provided that such amendment shall not adversely affect the interests of the Holders;

(f) to provide for the terms of Additional Bonds, including (without limitation) any, modifications or amendments required to grant to or otherwise secure for the Holders of such Additional Bonds a parity interest in the security granted to the Holders of the Series 2011 Bonds and any other then Outstanding Bonds in accordance with Section 2.06 of the Indenture or to authorize or approve the issuance of Subordinate Obligations in accordance with Section 2.11 of the Indenture;

(g) to permit the qualification of the Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(i) to obtain or to maintain any ratings on Bonds from any nationally recognized securities rating agency so long as no provision of any such Supplemental Indenture shall prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such Supplemental Indenture shall become effective (which determination shall be made without regard to the existence of any Credit Facility);

(j) to make any other change in the Indenture, including (without limitation) any change necessary in connection with the issuance of any Subordinate Obligation, which shall not prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such change shall become effective;

(k) to provide for the issuance of any Bonds in coupon form or in book entry form; provided, however, that prior to the effective date of any such amendment, there shall be delivered to the Service and the Trustee an opinion of Bond Counsel to the effect that the issuance of any such Bonds in coupon or book entry form (as the case may be) will not adversely affect the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(k) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued.

Supplemental Indentures Requiring Consent of Holders of Bonds. § 8.02.

In addition to Supplemental Indentures permitted by Section 8.01 in the Indenture, with the prior written consent of the Holders of a majority of the Bonds, the Service and the Trustee may enter into at any time and from time-to-time Supplemental Indentures amending or supplementing the Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the Service from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained; provided, however, that nothing contained in the Indenture shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price or purchase price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) except as expressly permitted by the Indenture, the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the Indenture, a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the Indenture, without the unanimous consent of the Holders of all Outstanding Bonds.

Amendment of Service Agreements. § 8.04.

(a) Without notice to or the consent of the Bondholders, the Service may at any time and from time to time enter into any amendment, change or modification of the Agreements that is (i) required or permitted by the provisions of the Agreements, or (ii) required to cure any ambiguity or formal defect or omission therein, or (iii) required or permitted pursuant to the provisions of Section 2.06 in the Indenture in connection with the issuance of any Additional Bonds, or (iv) not prejudicial in any material respect to the rights of the Holders of the Bonds in the judgment of the Service and the Trustee.

(b) Except as provided in paragraph (a) of Section 8.04 of the Indenture, the Service shall not enter into any amendment, change or modification of the Agreements without the prior written consent of the Trustee, and the Holders of a majority of the Bonds Outstanding at the effective date of such amendment, change or modification.

Concerning the Trustee. § 8.05.

In executing a supplement to the Indenture or consenting to an amendment to the Agreements, the Trustee shall be provided with an opinion of Bond Counsel to the effect that such supplement or amendment (i) is authorized or permitted pursuant to the terms of the Indenture and (ii) will not adversely affect the tax-exempt status of the Bonds. The Trustee may, but shall not be obligated to, execute a supplement to the Indenture or consent to an amendment to the Agreements that adversely affects its rights, duties, protections and/or indemnities.

Defeasance. § 9.01.

(a) If the Service shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds and Subordinate Obligations at the times and in the manner stipulated therein, in the Indenture and in any Supplemental Indenture authorizing or approving the issuance of any Additional Bonds or Subordinate Obligations, then the pledge of the Trust Estate to the Trustee for the benefit of the Bondholders and the Holders of Subordinate Obligations and all other rights granted by the Indenture to the Trustee, the Bondholders or the Holders of Subordinate Obligations shall be discharged and satisfied. In such event, upon the request of the Service, the Trustee shall execute and deliver to the Service all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the Service, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Indenture (other than any moneys and securities required for the payment or redemption of Bonds or Subordinate Obligations not theretofore surrendered for such payment or redemption).

(b) A Bond shall be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01 of the Indenture if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the Service of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived, provision shall have been made by the Service for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due will provide for such payment together with either (i) a verification report satisfactory to the Trustee to the effect that such Government Obligations and/or cash, together with earnings thereon, will be sufficient to pay interest and principal (and applicable premium, if any) on the Bonds to redemption or maturity or (ii) an opinion of Independent Counsel satisfactory to the Trustee to the effect that all conditions precedent to the defeasance of the Bonds have been satisfied, and the Service shall have made provision satisfactory to the Trustee for one publication in an Authorized Baltimore Newspaper and in an Authorized New York Newspaper of a notice that such moneys are so available for such payment; provided, however, that if such Bond is to be redeemed prior to the maturity thereof, the Service shall have irrevocably taken all action necessary to redeem such Bond and notice of such redemption shall have been duly and irrevocably given or provisions satisfactory to the Trustee shall have been irrevocably made for the giving of such notice.

(c) Notwithstanding the foregoing provisions of Section 9.01 of the Indenture, in the event that the principal of or interest on any Series of Bonds shall be paid by a Credit Facility Provider such Series of Bonds shall not be deemed to be paid within the meaning of and with the effect expressed in Section 9.01 of the Indenture and shall continue to be Outstanding under the Indenture and the applicable Credit Facility Provider shall be fully subrogated to all of the rights of the Holders thereof in accordance with the terms and conditions of the applicable Supplemental Indenture. In such event, the pledge of the Revenues made by the Indenture and all covenants, agreements and other obligations of the Service under the Indenture shall continue to exist and the Indenture shall not be deemed to have been discharged until such Credit Facility Provider shall be repaid in full.

(d) Anything in the Indenture to the contrary notwithstanding, at the written request of the Service, any moneys held by the Trustee in trust for the payment of any of the Bonds or Subordinate Obligations that remain unclaimed for three years after the later of the date at which such Bonds or Subordinate Obligations became due and payable and the date of deposit of such moneys shall be repaid by the Trustee to the Service, or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto; provided, however, that before being required to make any such payment to the Service, the Trustee may, at the expense of the Service, cause to be published in an Authorized Baltimore Newspaper and an Authorized New York Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not fewer than 40 nor more than 90 days after the date of publication of such notice, the balance of such moneys shall be returned to the Service.

(e) An Additional Bond or Subordinate Obligation shall be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01 of the Indenture if it is deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing the issuance thereof.

Consent of Holders; Evidence of Signatures of Holders and Ownership of Bonds. § 10.02.

Any request, direction, consent or other instrument which the Indenture may require or permit to be signed and executed by the Holders of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person, by their attorneys duly appointed in writing or by their legal representatives. Except as otherwise expressly provided in the Indenture, proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any person of such Bond shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Service with regard to any action taken by either under such instrument if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in any case in which it deems such further or other proof desirable:

(a) the fact and date of the execution by any Bondholder or Bondholder's attorney or legal representative of such instrument may be proved by the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to rake acknowledgments of deeds to be recorded in the state in which such officer purports to act, that the person signing such instrument acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; and the authority of any person executing any such instrument on behalf of a corporate Holder may be established without further Proof if such instrument is signed by a person purporting to be the president or a vice President of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary, its cashier or, an assistant cashier; and

(b) the ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration books established with respect to such Bonds, as the case may be.

Notwithstanding the foregoing, the Supplemental Indenture authorizing the issuance of any Series of Additional Bonds secured by a Credit Facility may provide that the issuer of such Credit Facility shall be deemed the Holder of all Outstanding Bonds of such Series for the purposes of making any request or giving or withholding any consent, vote or direction permitted or required to be made or given by any Holder of such Bonds under the Indenture or such Supplemental Indenture.

Any request, direction, consent or vote of the Holder of any Bond given in accordance with the Indenture or any Supplemental Indenture shall bind all future Holders of such Bond with respect to anything done or suffered to be done or omitted to be done by the Service or the Trustee in accordance therewith.

Preservation by Trustee and Inspection of Documents. § 10.03.

All documents received by the Trustee from the Service, the Holders of Bonds or otherwise under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Service, any Credit Facility Provider, any Holder of Bonds, any Holder of Subordinate Obligations and their agents and representatives, any of whom may make copies thereof.

No Recourse on Bonds. § 10.05.

No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or any Subordinate Obligations or for any claims based thereon or on the Indenture against any member or other officer of the Service, all such liability, if any, being expressly waived and released by every Holder of Bonds and Subordinate Obligations by the acceptance of such Bonds and Subordinate Obligations.

Service Protected in Acting in Good Faith. § 10.06.

In the exercise of the powers of the Service and its members, officers, employees and agents under the Indenture and the Agreements, including (without limitation) the application of moneys and the investment of funds, the Service and its members, officers, employees and agents shall not be accountable to the Trustee or any Holder of any Bond or Subordinate Obligation for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed in good faith by it or them to be authorized or within the discretion or rights or powers conferred by the Indenture or by the Agreements.

No recourse shall be had by the Trustee or any Holder of any Bond or Subordinate Obligation for any claims based on the Indenture or the Agreements or on any Bond, Subordinate Obligation, Credit Facility or Credit Facility Agreement against any member, officer, employee or agent of the Service alleging personal liability on the part of such person unless such claims are based upon the bad faith, fraud or deceit of such person.

Other Bond Indentures. § 10.09.

Subject to the provisions of Section 5.03 of the Indenture, the Service expressly reserves the right to enter into one or more other bond indentures and general bond indentures and to issue bonds, notes and other obligations under the Indenture without compliance with the provisions in the Indenture.

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APPENDIX E
FORM OF SERVICE CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated as of _____, 2020, is executed and delivered by the Maryland Environmental Service (the "Service") in connection with the issuance of its $_____ Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "Bonds"). The Bonds are being issued pursuant to a resolution passed by the Service on _____, 2020. The Service, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the Service for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The Service's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Continuing Disclosure Service" shall mean the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("EMMA") system.

"Financial Obligation" shall mean "financial obligation" as such term is used in the Rule, as evidenced by SEC Release No. 34 83885 (August 20, 2018).

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The Service shall provide to the Continuing Disclosure Service, annual audited financial statements for the Mid-Shore II Regional Landfill Project and the Service, made available within 275 days after the end of the Service's fiscal year, commencing with the fiscal year ending June 30, 2020, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the Service's fiscal year (commencing with the fiscal year ending June 30, 2020), the Service will provide unaudited financial statements within said time period.

(b) The annual report of the Service shall also update following information in the final official statement for the Bonds: (i) regarding tonnage and tipping fee data under the caption "Mid-Shore II Landfill — Tonnage and Tipping Fee History"; (ii) the budget and fund balance data under the caption "Financial Information — Financial Information — Mid-Shore Regional Landfill Private Purpose Trust Fund"; and (iii) the data under the caption "Financial Information — Debt Service Coverage Ratios."

(c) Except as otherwise set forth in this paragraph (c), the presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(1) The Service may make changes to the presentation of the financial information required in paragraph (a) and paragraph (b) necessitated by changes in Generally Accepted Accounting Principles.

(2) The Service may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(d) If the Service is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the Service shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

Section 4. Reporting of Listed Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds.

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of final proposed or determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds);

(vii) modifications to rights of bond holders, if material;

(viii) optional, contingent or unscheduled bond calls, if material, and tender offers;

(ix) defeasances of all or a portion of the Bonds;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Service;

(xiii) the consummation of a merger, consolidation or acquisition involving the Service, or the sale of all or substantially all of the assets of the Service, other than in the ordinary course of business, the entry in a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) any change in fiscal year of the Service;

(xvi) incurrence of a Financial Obligation of the Service, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Service, any of which affect security holders, if material; and

(xvii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Service, any of which reflect financial difficulties.

(b) Whenever the Service obtains knowledge of the occurrence of a Listed Event, the Service shall as soon as possible determine if such event would constitute material information for owners of the Bonds. If the Listed Event constitutes material information for owners of the Bonds, the Service shall promptly file a notice of such occurrence with the Continuing Disclosure Service.

Section 5. Termination of Reporting Obligation.

The Service's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the Service may terminate its obligations under this Disclosure Agreement if and when the Service no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 6. Amendment.

The Service may provide further or additional assurances that will become part of the Service's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the Service in its discretion, provided that: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Service as the obligated person with respect to the Bonds, or type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the Service that is expert in federal securities law matters. The reasons for the Service agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Service from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Service chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Service shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the Service of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law.

Section 9. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the Service to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

Section 10. Limitation on Remedies.

The Service shall be given written notice at the address set forth below of any claimed failure by the Service to perform its obligations under the Disclosure Agreement, and the Service shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed

failure by the Service shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Service shall be given to the attention of the Assistant Attorney General and the Director of the Service at: Maryland Environmental Service, 259 Najoles Road, Millersville, MD 21108-2515, or at such alternate address as shall be specified by the Service with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds.

The Disclosure Agreement constitutes an undertaking by the Service that is independent of the Service's obligations with respect to the Bonds; any breach or default by the Service under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Recordkeeping.

The Service shall maintain records of all annual financial information disclosure and Listed Events disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed by the Maryland Environmental Service as of this ___ day of _____, 2020.

MARYLAND ENVIRONMENTAL SERVICE

By:_____
Name:
Title:

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APPENDIX F
FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated as of _____, 2020, is executed and delivered by County Commissioners of _____ County, Maryland, a political subdivision of the State of Maryland (the "County") in connection with the issuance of the $_____ Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "Bonds"). The County, intending to be legally bound hereby and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The County's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Continuing Disclosure Service" shall mean the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("EMMA") system.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The County shall provide to the Continuing Disclosure Service annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, commencing with the fiscal year ending June 30, 2020, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ending June 30, 2020), the County will provide unaudited financial statements within said time period.

(b) Except as otherwise set forth in this paragraph (b), the presentation of the financial information referred to in paragraph (a) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds and based on the County's audited financial statements for the fiscal year ended June 30, 2019.

(i) The County may make changes to the presentation of the financial information required in paragraph (a) necessitated by changes in Generally Accepted Accounting Principles.

(ii) The County may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(c) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) above, the County shall send in a timely manner a notice of such failure to

the Continuing Disclosure Service, such notice to be provided on or before the last day of the applicable time periods specified in (a) above.

(d) Any financial statements, operating data or other information provided to the Continuing Disclosure Service shall be filed in any electronic format prescribed by the Continuing Disclosure Service, together with any cover sheet or identifying information prescribed by the Continuing Disclosure Service. Any filing under this Disclosure Agreement shall be made by transmitting such filings to the EMMA system or in accordance with any other electronic filing systems or procedures authorized by the Securities and Exchange Commission for satisfying the filing requirements of the Rule.

Section 4. Termination of Reporting Obligation.

The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

Section 5. Amendment.

The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement if this Disclosure Agreement is amended to require the same. In addition, this Disclosure Agreement may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the County that is expert in federal securities law matters. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 6. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information or using the means of dissemination set forth in this Disclosure Agreement or any other means of communication in addition to that which is required by this Disclosure Agreement. If the County chooses to disseminate any information in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure hereunder.

Section 7. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law.

Section 8. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for _____ County, Maryland.

Section 9. Limitation on Remedies.

The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under the Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the attention of the _____, _____, _____, MD _____, or at such alternate address as shall be specified by the County.

Section 10. Relationship to Bonds.

This Disclosure Agreement constitutes an undertaking by the County that is independent of the County obligations with respect to the Bonds; any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 11. Recordkeeping.

The County shall maintain records of all annual financial information disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 12. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of County Commissioners of _____ County, Maryland and the seal of the County is being impressed hereon and attested, as of this ___ day of _____, 2020.

COUNTY COMMISSIONERS OF
_____ COUNTY

By:_____
Name:
Title:

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APPENDIX G
FORM OF OFFICIAL NOTICE OF SALE

OFFICIAL NOTICE OF SALE
[$9,335,000]*
Maryland Environmental Service
Refunding Revenue Bonds
(Mid-Shore II Regional Landfill Project)
Series 2020
(Book-Entry-Only)
Closing Date: _____, 2020

NOTICE IS HEREBY GIVEN that electronic (as explained below) bids will be received by the Maryland Environmental Service (the "Service") for the purchase of all (but not less than all) of the Service's [$9,335,000]* Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "Series 2020 Bonds"). The bids will be received up to the time (unless postponed as described herein) and in the manner described below:

DATE AND TIME
_____, 2020 at [11:00 a.m.] Eastern Daylight Time ("EDT") for the Series 2020 Bonds. The time maintained by BiDCOMP/Parity ("Parity") shall constitute the official time.

ELECTRONIC BIDS
Bids for the Series 2020 Bonds should be submitted electronically via Parity in accordance with its Rules of Participation and this Official Notice of Sale until [11:00 a.m.] EDT for the Series 2020 Bonds, but no bid will be received after the time for receiving bids specified above. Provisions in this Official Notice of Sale conflicting with those Parity Rules of Participation shall control. In the event of a malfunction in the electronic bidding process, the bid time and/or date may be changed at the option of the Service. See instructions under "Form of Bid; Electronic Bids" below. For further information about Parity, potential bidders may contact the Service's Financial Advisor, PFM Financial Advisors LLC, or PARITY Customer Support:

Service's Financial Advisor:
PFM Financial Advisors LLC
1735 Market Street, 43rd Floor
Philadelphia, PA 19103
Attn: Trina Smith
TEL: 215-557-1430
Email: smithtr@pfm.com

PARITY Customer Support
1359 Broadway, 2nd Floor
New York, NY 10014
TEL: (212) 849-5021

Right to Modify or Amend Notice of Sale; Right to Postpone Sale
The Service reserves the right to modify or amend this Official Notice of Sale, including changing the time of the sale of the Series 2020 Bonds, changing the scheduled maturities or increasing or reducing the principal amount of any maturity offered for sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Series 2020 Bonds will be communicated via TM3 (www.tm3.com) ("TM3") not later than 5:00 p.m., EDT, on the day preceding the day on which proposals may be submitted, and bidders shall bid upon the Series 2020 Bonds based upon the terms thereof set forth in this Official Notice of Sale, as so modified by such supplemental information. If any prospective bidder does not subscribe to TM3, please call PFM Financial Advisors LLC and arrangements will be made to notify such prospective bidder of any change or modification to this Official Notice of Sale prior to 5:00 p.m., EDT, on the day preceding the day on which proposals may be submitted.

** Preliminary, subject to change*

In addition, the Service reserves the right to postpone the date established for the receipt of bids. In the event of a postponement, the new date and time of sale and any revised date of expected delivery will be announced via TM3 not later than [10:30 a.m., EDT], on the day on which proposals may be submitted. As stated above, if any prospective bidder does not subscribe to TM3, other arrangements will be made to notify such prospective bidder not later than [10:30 a.m., EDT], on the day on which proposals may be submitted. On any such alternative sale date, bidders may submit sealed bids for the purchase of the Series 2020 Bonds in conformity with the provisions of this Official Notice of Sale, except for the changed date and time of sale and any revised date of delivery.

Authorization

The Series 2020 Bonds will be issued by the Service pursuant to the Maryland Environmental Service Act, codified as Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended. The Series 2020 Bonds will be issued as Refunding Revenue Bonds pursuant to the terms of the Indenture of Trust dated as of February 1, 2011, as supplemented by that Supplemental Indenture of Trust dated as of May 1, 2014, as further supplemented by that Second Supplemental Indenture of Trust dated as of August 1, 2018, and as further supplemented by that Third Supplemental Indenture of Trust dated as of _____, 2020 (collectively, the "Indenture"), each between the Service and The Bank of New York Mellon, as trustee, paying agent and registrar, and a bond resolution adopted by the Board of Directors of the Service on _____, 2020, authorizing the issuance and sale of the Series 2020 Bonds (the "Bond Resolution"). The proceeds of the Series 2020 Bonds will be used to refund the Service's $18,275,000 Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Series 2011 Bonds"), (ii) fund certain reserves, if any, and (iii) to pay for certain costs of issuance of the Series 2020 Bonds.

Parity Bonds

The Service has previously issued the Series 2011 Bonds, its $4,500,000 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014 (the "Series 2014 Bonds") and its $8,915,000 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018 (the "Series 2018 Bonds"), of which approximately $22,845,279 principal amount of the Series 2011 Bonds, the Series 2014 Bonds and the Series 2018 Bonds will be outstanding immediately prior to the issuance of the Series 2020 Bonds (the "Outstanding Bonds"). The Series 2011 Bonds will be refunded [in full] by the Series 2020 Bonds. The Series 2020 Bonds are payable from the same source of revenues as the Outstanding Bonds.

The Service has also previously issued its $2,000,000 Water Quality Bonds, Series 2011A (the "Series 2011A Bonds") and $1,500,000 Water Quality Bond, Series 2011B (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "2011 MWQFA Bonds"). The 2011 MWQFA Bonds were issued in connection with a loan from the Maryland Water Quality Financing Administration (the "MWQFA"). The 2011 MWQFA Bonds were not issued under the Indenture and constitute a separate payment obligation of the Service to the MWQFA, which payments are made from revenues so long as all payments are current under the Indenture, and are not obligations "issued on parity with, and are subordinate to, the Outstanding Bonds. Pursuant to the terms of the Series 2011B Bonds, the MWQFA will forgive repayment of principal and interest so long as the Service performs all of its obligations under that certain Loan Agreement dated as of April 15, 2011, between the Service and the MWQFA. The MWQFA has not demanded payment of the Series 2011B Bonds. Presuming the Service will perform all such obligations, the MWQFA will not make such a demand and the outstanding balance of the Series 2011B Bonds will be deemed forgiven on April 15, 2021. The outstanding principal balance of the Series 2011A Bonds is $1,086,730.

Book-Entry-Only Form

The Series 2020 Bonds will be issued in book-entry-only form, initially registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interests in the Series 2020 Bonds. Individual purchases will be in the principal amount of $5,000 and multiples thereof. Payments of principal, interest and redemption premium, if any, will be made by the Service to DTC for subsequent disbursement by DTC.

Bid Specifications

Bidders may provide that all of the Series 2020 Bonds be issued as serial bonds.

Interest Payment Dates
The Series 2020 Bonds will be dated the date of delivery, and will bear interest from that date payable on [November 1, 2020] and semiannually thereafter on each May 1 and November 1 until maturity or redemption.

Maturity Schedule
The Series 2020 Bonds will be subject to principal amortization either through serial maturities or sinking fund redemptions or a combination thereof on November 1 in the years and in the amounts set forth below (the "Maturity Schedule"), subject to the adjustments described below.

Maturity Date, November 1	Maturity Amount*	Maturity Date, November 1	Maturity Amount*
2021	**$**	**2026**	**$**
2022		**2027**	
2023		**2028**	
2024		**2029**	
2025		**2030**	

** Preliminary, subject to change*

Adjustment of Maturity Schedule
The Service reserves the right to change the Maturity Schedule up until [5:00 p.m., EDT], on the day preceding the day on which proposals may be submitted. Any revisions to the Maturity Schedule will be communicated via TM3.

The Service also reserves the right to change the Maturity Schedule or the revised Maturity Schedules after the determination of the winning bidder by increasing or decreasing the principal amount of each maturity by such amount as it determines in its discretion to be necessary or desirable. However, the aggregate principal amount of the Series 2020 Bonds will not be changed by more than 15%. The Service anticipates that the final Maturity Schedule will be communicated to the successful bidder by [3:00 p.m. EDT] on the day of preliminary award provided the Service has received the reoffering prices and yields for the Series 2020 Bonds from the successful bidder, as described below under "Award, Delivery and Payment." The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the principal amounts of any maturity of the Series 2020 Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Service as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

Optional Redemption
On or after [November 1, 2028], the Series 2020 Bonds with a stated maturity date on or after [November 1, 2029], shall be subject to redemption at the option of the Service, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the date fixed for redemption.

Interest Rate and Maximum Discount/Premium
Bids must be for all of the Series 2020 Bonds. Bidders must specify a rate of interest for each maturity of the Series 2020 Bonds. The rates of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%).

For the Series 2020 Bonds, no interest rate can exceed [5%] per annum. The lowest dollar price of any single maturity may be no less than [98.5%]. Each bid for the Series 2020 Bonds must be for not less than [100%] or more than [120%] of the par value for the Series 2020 Bonds.

Reoffering Price
The successful bidder shall make a bona fide public offering of all the Series 2020 Bonds and shall represent to the Service that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which the Series 2020 Bonds are offered. THE SUCCESSFUL BIDDER SHALL PROVIDE THE CERTIFICATION DESCRIBED UNDER **"CERTIFICATION AS TO ISSUE PRICE"** BELOW.

Certification as to Issue Price
The successful bidder shall assist the Service in establishing the issue price of the Series 2020 Bonds and shall execute and deliver to the Service on or before the date of issue of the Series 2020 Bonds, an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2020 Bonds together with the supporting pricing wires or equivalent communications as described herein.

The Service intends and expects that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2020 Bonds) will apply to the initial sale of the Series 2020 Bonds (the "competitive sale requirements") because: (i) the Service shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the Service may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the Service anticipates awarding the sale of the Series 2020 Bonds to the bidder who submits a firm offer to purchase the Series 2020 Bonds at the lowest true interest cost, as set forth in this Notice of Sale (a "Qualified Competitive Bid"). If a bid qualifies as a Qualified Competitive Bid, the successful bidder shall be required to provide to the Service a certificate acceptable to Bond Counsel, on or before the date of issue of the Series 2020 Bonds, substantially in the form attached hereto as Exhibit I, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Service and Bond Counsel. The Service's Financial Advisor acting as its municipal advisor (the "Municipal Advisor") shall also be required to provide to the Service a certificate acceptable to Bond Counsel on or before the date of issue of the Series 2020 Bonds, substantially in the form attached hereto as Exhibit II, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Municipal Advisor, the Service and Bond Counsel.

In the event that a bid fails to satisfy the requirements of a Qualified Competitive Bid (an "Alternate Competitive Bid"), the Service shall so advise the successful bidder. The Service may determine to treat (i) the first price at which 10% of a maturity of the Series 2020 Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2020 Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the Service determines to apply the hold-the-offering-price rule to any maturity of the Series 2020 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2020 Bonds will be subject to the 10% test and/or the hold-the-offering-price rule in order to establish the issue price of the Series 2020 Bonds. Bidders should note that an Alternative Competitive Bid may require the successful bidder and, if applicable, other underwriters of the Series 2020 Bonds to the hold the initial offering prices for certain maturities of the Series 2020 Bonds for up to five (5) business days after the sale date of the Series 2020 Bonds. If a bid is an Alternate Competitive Bid, the successful bidder shall be required to provide to the Service a certificate acceptable to Bond Counsel, substantially in the form attached hereto as Exhibit III to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Service and Bond Counsel.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2020 Bonds, as specified in the bid. All bids shall include a representation that the underwriters have established industry reputations for underwriting new issuances of municipal securities.

Form of Bid; Electronic Bids

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of Parity, in accordance with the Rules of Participation and other requirements of Parity. In order to submit an electronic bid through Parity, bidders must be contracted customers of Parity's Competitive Bidding System. If you do not have a contract with Parity, call (212) 849-5021 to become a customer.

Registration with Parity is required in order to submit an electronic bid, and the Service neither will confirm any registration nor be responsible for any failure of a prospective bidder to register. By registering to bid for the Series 2020 Bonds, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Official Notice of Sale shall conflict with information provided by Parity as approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about Parity, including qualification, registration, rules and any fee charged, may be obtained by calling PARITY Customer Support at (212) 849-5021.

By submitting a bid for the Series 2020 Bonds, a prospective bidder represents and warrants to the Service that such bidder's bid for the purchase of the Series 2020 Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Series 2020 Bonds. An electronic bid made through the facilities of Parity shall be deemed an offer, in response to the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Service. The Service shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, Parity, the use of such facilities being the sole risk of the prospective bidder. All bids submitted for the Series 2020 Bonds in response to this Official Notice of Sale are public documents subject to disclosure pursuant to the provisions of the Maryland Public Information Act.

Disclaimer for Electronic Bids

Each prospective bidder shall be solely responsible to register to bid via Parity as described in the attached instructions. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the Service nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Service nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The Service is using Parity as a communication mechanism, and not as the Service's agent, to conduct the electronic bidding for the Series 2020 Bonds. The Service is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Official Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders; and the Service is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Series 2020 Bonds, it should telephone Parity and notify the Financial Advisor of the Service by electronic mail: smithtr@pfm.com or by telephone at 215-557-1430.

List of Members of Account

Bidders are requested to list on the Official Bid Form the names of the members of the account on whose behalf the bid is made.

Good Faith Deposit

The apparent successful bidder, as indicated on Parity, must submit a good faith deposit in the amount of [$_____.00] for the winning bid on the Series 2020 Bonds (the "Good Faith Deposit") to the Service as provided below. The Good Faith Deposit will secure the Service from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the Service upon notification of the preliminary award, but in any case, no later than [3:00

p.m.], Eastern Daylight Time, on the date of award (the "Award Date"). Wire instructions will be provided to the successful bidder upon notification of the preliminary award.

The formal award shall not be made until the Service has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the designated time, the Service will have the option to withdraw the award and the successful bidder shall be responsible to the Service for all consequential damages arising from such withdrawal.

At the time of delivery of the Series 2020 Bonds, such security will be applied against the purchase price for the Series 2020 Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Series 2020 Bonds in accordance with the terms of its proposal. A successful bidder shall have no right in or to said Good Faith Deposit if it fails to complete the purchase of, and payment in full of the purchase price of, the Series 2020 Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the Service. No interest will be paid upon the deposit made by the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Series 2020 Bonds at the price and on the date agreed upon, the Service retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

Official Statement

The Service has approved a Preliminary Official Statement dated _____, 2020, which the Service has "deemed final" for the purpose of SEC Rule 15c2-12, subject to the omissions permitted by paragraph (b)(1) of such Rule. The Service will provide the successful bidder such reasonable number of printed copies of the final Official Statement as such bidder may request no later than seven business days after the day the sale of the Series 2020 Bonds is awarded. Up to 100 copies of the final Official Statement will be furnished without cost to the successful bidder of the Series 2020 Bonds and additional copies, if desired, will be made available at the successful bidder's expense.

Award, Delivery and Payment

If legally acceptable bids are received complying with this Notice of Sale and unless all bids are rejected by the Service, the Series 2020 Bonds will be awarded to the highest bidder, not later than 24 hours after the time established for the receipt of bids. The highest bidder shall be the bidder submitting the best price for the Series 2020 Bonds, which best price shall be that resulting in the lowest true interest cost. The true interest cost for the Series 2020 Bonds (expressed as an annual interest rate) will be that rate which, as of the date of delivery discounts semiannually all future principal and interest payments to the aggregate bid price. The true interest cost shall be based upon the principal amount of each maturity of the Series 2020 Bonds as set forth in the Maturity Schedule above (such principal amounts may be modified with notification though TM3 or through individual communication with prospective bidders) and the bid price and interest rate set forth in each proposal submitted in accordance with this Official Notice of Sale.

It is requested that each proposal be accompanied by a computation of such true interest cost to the Service under the terms of the proposal in accordance with the method of calculation described in the above paragraph (computed to six decimal places), but such computation is not to be considered as part of the proposal for the Series 2020 Bonds. In the event that two or more bidders have bid the same true interest cost (calculated to six decimal places) the Director or the Deputy Director of the Service shall determine in his sole discretion which of the bidders shall be awarded the Series 2020 Bonds.

Within one hour after being notified of the award of the Series 2020 Bonds, the successful bidder shall advise the Service of the initial public reoffering prices of the Series 2020 Bonds, expressed as a percentage of par for each maturity of the Series 2020 Bonds.

Delivery of the Series 2020 Bonds is expected to occur through the facilities of DTC in New York, New York on or about _____, 2020. The successful bidder for the Series 2020 Bonds shall pay for the Series 2020 Bonds on the date of delivery in **IMMEDIATELY AVAILABLE FEDERAL FUNDS** by 11:00 a.m. EDT, on the closing

date. Any expenses of providing immediately available funds shall be borne by the successful bidder. Payment on the delivery date shall be made in an amount equal to the price bid for the Series 2020 Bonds, respectively, less the amount of the Good Faith Deposit.

At or before the delivery of the Series 2020 Bonds, the Service shall deliver to the successful bidder the following:

(a) the approving opinion of Whiteford, Taylor & Preston L.L.P., the Service's Bond Counsel, as described below under "Legal Opinion";

(b) a certificate of designated officers of the Service substantially to the effect that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, now pending or, to the knowledge of the Service, threatened against the Service, wherein an unfavorable decision, ruling or finding would (i) materially adversely affect the transactions contemplated by the Official Statement, (ii) in any way adversely affect the validity or enforceability of the Series 2020 Bonds, the Bond Resolution, the Indenture or any other agreement or instrument to which the Service is a party, used or contemplated for use in the consummation of the transactions contemplated by the Official Statement, or (iii) in any way adversely affect the tax-exempt status of bonds previously issued by the Service;

(c) a certificate of designated officers of the Service substantially to the effect that the statements and information contained in the Official Statement are true, correct and complete in all material respects and the Official Statement does not contain any statement or information that is untrue or incorrect in any material respect and does not omit any statement or information that should be contained therein for the purpose for which the Official Statement is to be used or that is necessary to make the statements and information therein not misleading in any material respect; provided, however, that no representation is made with respect to the material in the Official Statement under the captions entitled "THE BONDS - Book-Entry System" and "MISCELLANEOUS – Ratings", with respect to CUSIP numbers and reoffering prices or yields shown on the cover of the Official Statement, and, if any of the Series 2020 Bonds are insured, any information regarding the bond insurer or its insurance policy; and

(d) the Continuing Disclosure Agreement executed by the Service substantially in the form attached as Appendix E to the Preliminary Official Statement.

At or before the delivery of the Series 2020 Bonds, the successful bidder shall deliver to the Service the following:

(a) a receipt for the Series 2020 Bonds;

(b) a certificate in form and substance satisfactory to Bond Counsel as to the issue price of the Series 2020 Bonds as described in "Certification as to Issue Price" above; and

(c) evidence satisfactory to the Service that the Official Statement has been filed with the Municipal Securities Rulemaking Board.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2020 Bonds, but neither the failure to print such numbers on any Series 2020 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for the Series 2020 Bonds to accept delivery and pay for the Series 2020 Bonds in accordance with the terms of its proposal. No CUSIP identification number shall constitute or be deemed to constitute a part of any Series 2020 Bond or a part of the contract evidenced thereby and no liability shall attach to the Service or any officer or agent thereof because of or on account of any such number or any use made thereof (including any use thereof made by the Service or any such officer or agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use. The Service's Financial Advisor will request CUSIP numbers prior to the sale date for the Series 2020 Bonds. The Service's Financial Advisor will be responsible for obtaining the

CUSIP numbers for the Series 2020 Bonds. The successful bidder will be obligated to pay the fee of the CUSIP Service Bureau for assigning the CUSIP numbers to the Series 2020 Bonds.

Legal Opinion

The Series 2020 Bonds will be issued and sold subject to approval as to legality by Whiteford, Taylor & Preston L.L.P. of Baltimore, Maryland, Bond Counsel, whose approving opinion substantially in the form attached as Appendix B to the Preliminary Official Statement will be delivered, upon request, to the successful bidder of the Series 2020 Bonds, without charge.

Additional Information

Copies of the Indenture, the Bond Resolution and this Official Notice of Sale for the Series 2020 Bonds will be furnished to any potential bidder upon request made to PFM Financial Advisors LLC. The Preliminary Official Statement, this Official Notice of Sale and Official Bid Form will be made available via www.i-DealProspectus.com as well; for information contact Parity or PFM Financial Advisors LLC.

Right of Rejection

The Service reserves the right to reject all bids for any reason. Any bid not complying with the terms of this Official Notice of Sale or specifying any conditions in addition to those contained herein may be rejected. The Service reserves the right to waive any irregularity in compliance with the terms of this Notice of Sale to the extent permitted by law.

Date: _____, 2020

Maryland Environmental Service

Dr. Charles Glass, Ph.D., Director

Attachment A

Summary Bidding Schedule*

Date	Time	Event
_____, 2020	5:00 p.m.	Notification of revisions, if any, to the Official Notice of Sale for the Series 2020 Bonds published on TM3 (www.tm3.com) or via individual communication with Public Financial Management, Inc.

_____, 2020	10:30 a.m.	Notification of revisions, if any, to the sale date or time of the Series 2020 Bonds published on TM3 (www.tm3.com) or via individual communication with PFM Financial Advisors LLC.
	11:00 a.m.	Deadline for the submission of bids for the Series 2020 Bonds to the Service.
	1:00 p.m.	Expected timeframe for the Service to notify winning bidder for the Series 2020 Bonds.
_____, 2020	11:00 a.m.	Deadline for the Service to notify winning bidder for the Series 2020 Bonds.
Date of Award	3:00 p.m.	Deadline for the winning bidder to wire the Good Faith Deposit to the Service.
_____, 2020	12:00 p.m.	Series 2020 Bonds Close

* *Preliminary, subject to change*

EXHIBIT I TO NOTICE OF SALE

FORM ISSUE PRICE CERTIFICATE
FOR QUALIFIED COMPETITIVE BID

$_____*
Maryland Environmental Service
Refunding Revenue Bonds

(Mid-Shore II Regional Landfill Project)
Series 2020

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") issued by the Maryland Environmental Service (the "Service").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

(d) The Underwriter has an established industry reputation for underwriting new issuances of municipal bonds.

2. Defined Terms.

(a) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "*Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) *"Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(d) *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Service (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

* *Preliminary, subject to change*

The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Service with respect to certain of the representations set forth in the [Tax Regulatory Agreement and No Arbitrage Certificate] executed and delivered by the Service in connection with the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Whiteford, Taylor & Preston L.L.P., as bond counsel to the Service, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the

preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Service from time to time relating to the Bonds.

[UNDERWRITER]

By:_____
Name:
Title:

Dated: [ISSUE DATE]

_____
Schedule A – Expected Offering Prices
Schedule B – Copy of Underwriter's Bid

EXHIBIT II TO NOTICE OF SALE

$_____*
Maryland Environmental Service
Refunding Revenue Bonds
(Mid-Shore II Regional Landfill Project)
Series 2020

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of PFM Financial Advisors LLC (the "Municipal Advisor"), as the municipal advisor to the Maryland Environmental Service (the "Service") in connection with the issuance of the above-captioned obligations (the "Bonds"), has assisted the Service in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Schedule A.

2. The Notice of Sale was disseminated electronically through i-Deal Prospectus. The method of distribution of the Notice of Sale is regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").

4. The Service received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Copies of the bids received are attached to this certificate as Schedule B.

5. The winning bidder was [NAME OF UNDERWRITER] (the "Underwriter"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Sale, as shown in the bid comparison attached as Schedule C to this Certificate. The Service awarded the Bonds to the Underwriter.

The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Service with respect to certain of the representations set forth in the [Tax Regulatory Agreement and No Arbitrage Certificate] executed and delivered by the Service in connection with the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Whiteford, Taylor & Preston L.L.P., as bond counsel to the Service, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Service from time to time relating to the Bonds. No other persons may rely on the representations set forth in this Certificate without the prior written consent of the Municipal Advisor.

**Preliminary, subject to adjustment*

PFM FINANCIAL ADVISORS LLC

By:_____
Name:
Title:

Dated: [ISSUE DATE]

Schedule A – Notice of Sale
Schedule B – Bids Received

Schedule C – Bid Comparison

EXHIBIT III TO NOTICE OF SALE

FORM ISSUE PRICE CERTIFICATE
FOR ALTERNATIVE COMPETITIVE BID

$_____*
Maryland Environmental Service
Refunding Revenue Bonds
(Mid-Shore II Regional Landfill Project)
Series 2020

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") issued by the Maryland Environmental Service (the "Service").

1. ***Sale of the General Rule Maturities***. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Notice of Bond Sale and Official Bid Form, the Underwriter has agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(c) The Underwriter has an established industry reputation for underwriting new issuances of municipal bonds.

3. ***Defined Terms***.

(a) *"General Rule Maturities"* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *"Hold-the-Offering-Price Maturities"* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *"Holding Period"* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

*Preliminary, subject to adjustment

(d) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(f) *"Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(g) *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Service (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Service with respect to certain of the representations set forth in the [Tax Regulatory Agreement and No Arbitrage Certificate] executed and delivered by the Service in connection with the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Whiteford, Taylor & Preston L.L.P., as bond counsel to the Service, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Service from time to time relating to the Bonds.

[UNDERWRITER]

By:_____
Name:
Title:

Dated: [ISSUE DATE]

_____
Schedule A – Sale Prices of the General Rule Maturities and Initial Offering Prices of the Hold-The-Offering-Price Maturities
Schedule B – Pricing Wire or Equivalent Communication

THIRD SUPPLEMENTAL INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

[$9,335,000]
MARYLAND ENVIRONMENTAL SERVICE
REFUNDING REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2020

Dated as of _____, 2020

THIRD SUPPLEMENTAL INDENTURE OF TRUST

THIS THIRD SUPPLEMENTAL INDENTURE OF TRUST dated as of _____, 2020 (this "**Third Supplemental Indenture**") is by and between Maryland Environmental Service, a body politic and corporate constituting an instrumentality of the State of Maryland (the "**Service**"), and The Bank of New York Mellon, a New York banking corporation, as trustee (together with any successors and assigns and any surviving, resulting or transferee entity, the "**Trustee**").

RECITALS

WHEREAS, Chapter 240 of the Laws of Maryland of 1970, as amended from time to time by acts of the General Assembly of the State, codified at Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended (the "**Act**"), authorizes the Service to issue bonds and notes for the purpose of financing and refinancing the cost of acquiring, constructing, reconstructing, improving or extending any solid waste disposal project as defined in the Act; and

WHEREAS, County Commissioners of Caroline County, County Commissioners of Kent County, County Commissioners of Queen Anne's County and Talbot County (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 Service; 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, in a Memorandum of Understanding dated February 4, 2005 (the "**MOU**"), between the Service and the Mid-Shore Counties, the Service agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of a new landfill located in Caroline County, Maryland (the "**Mid-Shore II Landfill**"), to accept solid waste generated within the boundaries of the Mid-Shore Counties upon the closure on December 31, 2010, of a landfill previously financed, operated and constructed by the Service; and

WHEREAS, in order to make binding, long-term commitments to the Service for the disposal of solid waste generated within the boundaries of the Mid-Shore Counties, each of the Mid-Shore Counties entered into certain waste disposal service agreements (the "**Service Agreements**") with the Service relating to the Mid-Shore II Landfill; and

WHEREAS, on February 15, 2011, the Service issued its $18,275,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2011 (the "**Series 2011 Bonds**") in order to finance the cost of the acquisition, design, construction and equipping of the first cell (Cell Number 4) at the Mid-Shore II Landfill, pursuant to an Indenture of Trust (the "**Original Indenture**") dated as of February 1, 2011, by and between the Service and the Trustee; and

WHEREAS, on May 22, 2014, the Service issued its $4,500,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014 (the "**Series 2014 Bonds**") in order to finance the cost of the acquisition, design, construction and equipping of the second cell (Cell Number 2) at the Mid-Shore II Regional Landfill. The Series 2014 Bonds were issued pursuant to the Supplemental Indenture of Trust, dated as of May 1, 2014 (the "**First Supplemental Indenture**"), by and between the Service and the Trustee; and

WHEREAS, on August 8, 2018, the Service issued its $8,915,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018 (the "**Series 2018 Bonds**") in order to finance the cost of the acquisition, design, construction and equipping of the third cell (Cell Number 3) at the Mid-Shore II Regional Landfill. The Series 2018 Bonds were issued pursuant to the Second Supplemental Indenture of Trust, dated as of August 1, 2018 (the "**Second Supplemental Indenture**" and, together with the Original Indenture and the First Supplemental Indenture, the "**Existing Indenture**"), by and between the Service and the Trustee; and

WHEREAS, on July ___, 2020, the Service adopted a resolution authorizing the issuance, sale and delivery of its Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "**Series 2020 Bonds**") in an aggregate principal amount not to exceed [$10,000,000], for the purpose of (i) refunding the outstanding principal balance of the Series 2011 Bonds, (ii) funding certain reserves, if any and (iii) paying for certain costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds will be issued and secured under and pursuant to the Existing Indenture and this Third Supplemental Indenture (collectively, the "**Indenture**"); and

WHEREAS, the Mid-Shore Counties have adopted resolutions, which (i) acknowledge the issuance of the Series 2020 Bonds for such purpose, (ii) acknowledge and confirm that the Series 2020 Bonds constitute Indebtedness under the Service Agreements and a part of Total Costs (as defined in the Service Agreement), and (iii) recognize that the Mid-Shore Counties are obligated under the Service Agreements to pay their Proportionate Share (as defined in the Service Agreement) of the Total Costs of the Service in connection with the performance of their obligations under the Service Agreements; and

WHEREAS, the Series 2020 Bonds were offered by the Service at a competitive bidding on _____, 2020, in accordance with an Official Notice of Sale; and

WHEREAS, the Existing Indenture and the Service Agreements contemplate the issuance of Additional Bonds secured equally and ratably with other Bonds issued under the Existing Indenture by the Trust Estate created thereby, and this Third Supplemental Indenture is being entered into for the purpose of issuing the Series 2020 Bonds as Additional Bonds; and

WHEREAS, all acts and requirements necessary to make this Third Supplemental Indenture the legal, valid and binding obligation of the Service have been performed and satisfied; and

WHEREAS, terms used and not defined in this Third Supplemental Indenture shall have the meanings assigned thereto in the Existing Indenture.

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH:

ADDITIONAL GRANTING CLAUSE

The Service, in consideration of the premises, of the acceptance by the Trustee of the Trust Estate created in the Indenture, and of the purchase and acceptance of the Series 2020 Bonds by the owners thereof and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in addition to the Trust Estate heretofore created and granted, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, all of the right, title and interest of the Service in and to the proceeds of the Series 2020 Bonds to the Trustee, for the equal and ratable benefit of the Bondholders, and their respective successors and assigns, subject only to the provisions of the Indenture permitting the application thereof on the terms and conditions set forth in the Indenture.

ARTICLE I

DEFINITIONS; AUTHORIZATION AND DETAILS OF THE SERIES 2020 BONDS

Section 1.01. Definitions. Terms used in this Third Supplemental Indenture and not defined herein shall have the respective meanings given such terms in the Existing Indenture. As used in this Third Supplemental Resolution, unless a different meaning clearly appears from the context, the following terms shall have the meanings indicated below.

"**Escrow Deposit Agent**" means The Bank of New York Mellon, in its capacity as Escrow Deposit Agent under the Escrow Deposit Agreement, and its successors and assigns.

"**Escrow Deposit Agreement**" means the Escrow Deposit Agreement dated as of _____, 2020, by and between the Service and the Escrow Deposit Agent, relating to the defeasance of the Series 2011 Bonds with the proceeds of the Series 2020 Bonds.

Section 1.02. Series 2020 Bonds Authorized. There is hereby authorized the issuance of a Series of Bonds in the aggregate principal amount of [Nine Million Three Hundred Thirty-Five Thousand Dollars ($9,335,000)], which shall be designated "Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020," for the purpose of refunding the Series 2011 Bonds.

Section 1.03. Details of Bonds; Form of Bonds and Certificate of Authentication. The Series 2020 Bonds shall be issued in definitive registered form, duly executed, authenticated and fully registered in the name of the initial Bondholder. The Series 2020 Bonds shall bear interest at the rate of interest per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) set forth below and shall mature on November 1 in each of the years and in the principal amounts as follows:

Maturity Date	Principal Amount	Interest Rate
2021	$	%

2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

The Series 2020 Bonds shall be subject to mandatory and optional redemption prior to maturity, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of the Series 2020 Bond attached hereto as Appendix A.

The Service hereby adopts the form of Series 2020 Bond set forth in Appendix A hereto, and all of the covenants and conditions set forth therein, as and for a form of Indebtedness to be incurred by the Service under the Indenture. The covenants and conditions set forth in the form of Series 2020 Bond are incorporated into the Indenture by reference and shall be binding upon the Service as though set forth in full in the Indenture.

The Series 2020 Bonds shall be lettered R and shall initially be numbered [one (1) consecutively upward through ten (10)].

Section 1.04. Conditions Precedent to Delivery of Series 2020 Bonds. The Series 2020 Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2020 Bonds and, upon payment of the purchase price of the Series 2020 Bonds, shall deliver the Series 2020 Bonds to or upon the order of the Service, but only upon delivery to the Trustee of:

(a) a counterpart of this Third Supplemental Indenture executed by the parties hereto;

(b) an opinion of Whiteford, Taylor & Preston L.L.P., as Bond Counsel ("**Bond Counsel**"), to the effect that (i) this Third Supplemental Indenture of the Service authorizing the issuance of the Series 2020 Bonds has been duly authorized, executed and delivered by the Service and constitutes the valid and binding obligation of the Service; (ii) the Service is duly authorized and entitled to issue the Series 2020 Bonds, and the Series 2020 Bonds executed, authenticated and delivered as provided in this Third Supplemental Indenture have been duly and validly issued and constitute valid and binding limited obligations of the Service; and (iii) the issuance of the Series 2020 Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds heretofore issued;

(c) a written order of the Service directing the authentication and delivery of the Series 2020 Bonds, describing the Series 2020 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2020 Bonds are to be delivered, stating the purchase price of the Series 2020 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service;

(d) a certificate of an Authorized Officer of the Service to the effect that, after giving effect to the refunding of the Series 2011 Bonds, Maximum Annual Debt Service on all Outstanding Bonds will not be increased by more than five percent (5%);

(e) a verification report to the effect that Government Obligations and/or cash, together with earnings thereon, will be sufficient to pay interest and principal (and applicable premium, if any) on the Series 2011 Bonds to redemption or maturity; and

(f) counterparts of the Escrow Deposit Agreement executed by the parties thereto.

Section 1.05. Execution and Authentication. The Series 2020 Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Director or Treasurer, and sealed with its corporate seal (or a facsimile thereof), attested by the manual or facsimile signature of its Secretary. In case any officer whose manual or facsimile signature appears on the Series 2020 Bonds shall cease to be such officer before delivery of the Series 2020 Bonds, such signature, nevertheless, shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and the Service may adopt and use for the execution of the Series 2020 Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute the Series 2020 Bonds, notwithstanding the fact that such person may not have been an officer on the date of the Series 2020 Bonds or that such person may have ceased to be an officer at the time when the Series 2020 Bonds shall be actually authenticated and delivered.

No Series 2020 Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Appendix A attached to this Third Supplemental Indenture, duly executed by the Trustee, and such certificate of the Trustee upon any Series 2020 Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Series 2020 Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Third Supplemental Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

ARTICLE II

[REDEMPTION OF SERIES 2020 BONDS][HCB1]

Section 2.01. Redemption of Series 2020 Bonds; Selection of Series 2020 Bonds to Be Redeemed. The Series 2020 Bonds shall be subject to redemption in accordance with Appendix A hereof.

If fewer than all of the Series 2020 Bonds shall be called for redemption, the Trustee shall select the particular Series 2020 Bonds or portions of Series 2020 Bonds to be redeemed by lot or in such other manner as the Trustee in its sole discretion may deem proper; provided, however, that the portion of any Series 2020 Bond to be redeemed (other than through Sinking Fund Installments) shall be in the principal amount of $5,000 or an integral multiple thereof, and that, in selecting Series 2020 Bonds for redemption, the Trustee shall treat each Series 2020 Bond as representing that number of Series 2020 Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

Section 2.02. Notice of Redemption.

(a) The Service shall give written notice to the Trustee of its election to redeem Series 2020 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2020 Bonds at least 60 days prior to the redemption date of such Series 2020 Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, pursuant to Section 5(e) of the Series 2020 Bonds, the Trustee shall transmit to the Holders such notice of the Service's election to redeem such Series 2020 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2020 Bonds. The Trustee may provide a conditional notice of redemption or withdraw such notice at any time, upon the written direction of the Service.

(b) Each notice of redemption of Series 2020 Bonds shall be given in accordance with the terms of the Series 2020 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2020 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2020 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2020 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2020 Bonds to be redeemed, (vi) in the case of Series 2020 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vii) that on the redemption date there shall become due and payable upon all Series 2020 Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue, (viii) the possibility of a purchase of Series 2020 Bonds in lieu of redemption, if applicable, (ix) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled redemption date, as and if applicable, including the deposit of funds with the Trustee, and (x) any other descriptive information needed to identify accurately the Series 2020

Bonds being redeemed. If any Series 2020 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2020 Bond shall state also that on or after the redemption date, upon surrender of such Series 2020 Bond to the Trustee at its designated corporate trust office, a new Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate, and of any denomination authorized by this Third Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2020 Bond. Each notice of redemption with respect to any Series 2020 Bond shall comply with any regulation or release of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Bond.

(c) If notice of redemption shall have been given as provided in this Section, then on or prior to the redemption date the Service shall pay to the Trustee from the Revenues an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all of the Series 2020 Bonds the Service has so elected to redeem.

(d) Failure to give notice by mailing to the Holder of any Series 2020 Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Series 2020 Bond if notice of such redemption shall have been mailed as herein provided.

Section 2.03. Redemption of Portion of Bond. In case part but not all of an Outstanding Series 2020 Bond shall be selected for redemption, upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond, the Service shall execute and the Trustee shall authenticate and deliver to or upon the order of the Holder of such Bond or the Holder's attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any denomination authorized by the Indenture, in aggregate principal amount equal to the unredeemed portion of such Bond.

Section 2.04. Effect of Notice of Redemption. If a conditional notice of redemption has been provided pursuant to the terms of the Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in the Indenture and if either there were no conditions to such redemption or the conditions have been satisfied and money for the redemption being held by the Trustee for that purpose, thereupon the Series 2020 Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Series 2020 Bonds shall thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof.

Section 2.05. Purchase in Lieu of Redemption. Subject to Article II of this Third Supplemental Indenture and Section 5(a) of the Series 2020 Bond, on any date upon which the Series 2020 Bonds are subject to and have been called for optional redemption, the Service may, at its option, purchase or cause to be purchased the Series 2020 Bonds subject to redemption on such date (the "**Purchase Date**") at a purchase price equal to what would have been the redemption price or payment amount as set forth in Section 5(a) of the Series 2020 Bond (the "**Purchase Price**"), in lieu of such redemption. To exercise such option, the Service shall deliver written notice thereof to the Trustee no later than 12:00 Noon, Eastern Time, two (2) Business Days prior to the Purchase Date and the Service shall transfer or cause to be transferred to the Trustee the moneys required to purchase the Series 2020 Bonds no later than 12:00 Noon, Eastern Time, on such Purchase Date. No notice to the Bondholders shall be required of the exercise by the Service of its option to purchase Series 2020 Bonds pursuant to this Section. The Bondholders shall not have the right to receive any other notice with respect to such purchase. No Bondholder shall have the right to elect to retain Series 2020 Bonds in the event of a purchase in lieu of redemption. All Series 2020 Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the Series 2020 Bonds on the Purchase Date have been deposited with the Trustee, and from and after such Purchase Date interest shall cease to accrue on such Series 2020 Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Series 2020 Bonds except to receive payment of the Purchase Price thereof and accrued interest to the Purchase Date. Notwithstanding such purchase, the Series 2020 Bonds shall remain Outstanding for all purposes under this Third Supplemental Indenture. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the Series 2020 Bonds. The Service's notice may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Service's notice may be given in conjunction with a notice of redemption given pursuant to this Third Supplemental Indenture, in which case it shall so state and shall provide that a withdrawal of the purchase notice will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

ARTICLE III

REVENUES AND FUNDS[HCB2]

Section 3.01. Application of Proceeds of Series 2020 Bonds. The proceeds of the Series 2020 Bonds, equal to $_____ [(representing the par amount of the bonds of $_____ plus a premium of $_____ minus the underwriter's discount of $_____)] shall be received by the Trustee on behalf of the Service and shall be deposited as follows:

(a) an amount equal to $_____ shall be deposited into the Redemption Fund [established for the Series 2011 Bonds] and transferred to the Escrow Deposit Agent for application in accordance with the Escrow Deposit Agreement; and

(b) [an amount equal to $_____ shall be deposited into the Construction Fund (or a subaccount therein for the Series 2020 Bonds)[HCB3] to pay certain costs of issuance of the Series 2020 Bonds. Payments from the Construction Fund from proceeds of the Series 2020 Bonds shall be made in accordance with requisitions in the form set forth in Appendix B attached hereto signed by an Authorized Officer of the Service, stating the names of the payees, the

purpose of each payment in terms sufficient for identification and the respective amounts of each such payment.]

Section 3.02. Deposit of Revenues. In order to account for the abbreviated period of time between the issuance of the Series 2020 Bonds and the first principal payment date of November 1, 2020, Section 4.05(b), SECOND, subsection (i) clause (A) of the Existing Indenture shall be amended and restated to read as follows:

> "(i) to the Principal Account, the lesser of (A) one-twelfth (1/12) of the amount of any principal of the Bonds Outstanding becoming due on the immediately succeeding November 1 (in the case of the Series 2020 Bonds, one-half (1/2) of the amount of any principal of the Series 2020 Bonds becoming due on November 1, 2020) and"

Section 3.03. [No Debt Service Reserve Fund Requirement. There shall be no Debt Service Reserve Fund Requirement for the Series 2020 Bonds.]

ARTICLE IV

MISCELLANEOUS

Section 4.01. Execution in Several Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 4.02. Application of Provisions of Existing Indenture. The provisions of this Third Supplemental Indenture are intended to supplement and amend those of the Existing Indenture as in effect immediately prior to the execution and delivery hereof. Except as amended and supplemented by this Third Supplemental Indenture, the Existing Indenture shall remain in full force and effect and the provisions of the Existing Indenture shall apply with like force and effect to the Series 2020 Bonds except to the extent that the provisions of the Existing Indenture are expressly modified or their application expressly limited by the terms of this Third Supplemental Indenture.

Section 4.03. Governing Law. This Third Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of Maryland without regard to conflict of law principles.

Section 4.04. Trustee. The Trustee makes no representations as to the sufficiency or validity of this Third Supplemental Indenture. The recitals herein are deemed to be those of the Service and not of the Trustee.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

(SEAL) **MARYLAND ENVIRONMENTAL SERVICE**

By: _____
Dr. Charles Glass, Ph.D.
Director

ATTEST:

_____
Michael C. Harris
Treasurer

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ in the year 2020, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared Dr. Charles Glass, Ph.D., the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing Third Supplemental Indenture of Trust for the purposes therein contained, by signing his name thereto as Director of the Maryland Environmental Service and causing the corporate seal of the Maryland Environmental Service to be affixed thereto and attested by the Treasurer of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL) _____
Notary Public

My Commission Expires: _____

[Service Signature Page to Third Supplemental Indenture of Trust]

[Signatures Continue on Following Page]

(SEAL)

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

ATTEST:

_____
Name:
Title:

STATE OF NEW JERSEY, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of_____ in the year 2020, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared _____, a _____ of The Bank of New York Mellon, a New York banking corporation duly organized and existing under the laws of the State of New York, and that s/he, as such officer, being authorized so to do, executed the foregoing Third Supplemental Indenture of Trust for the purposes therein contained, by signing her/his name thereto as a Vice President of The Bank of New York Mellon and causing the corporate seal of The Bank of New York Mellon to be affixed thereto and attested by a _____ of The Bank of New York Mellon.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)

_____
Notary Public

My Commission Expires: _____

[Trustee Signature Page to Third Supplemental Indenture of Trust]

APPENDIX A to
Third Supplemental
Indenture of Trust

[FORM OF SERIES 2020 BOND]

REGISTERED
No. R-___

REGISTERED
$_____

UNITED STATES OF AMERICA
STATE OF MARYLAND

MARYLAND ENVIRONMENTAL SERVICE
REFUNDING REVENUE BOND
(MID-SHORE II REGIONAL LANDFILL PROJECT),
SERIES 2020

Interest Rate (per annum)	Maturity Date	Dated Date	CUSIP
___%	November 1, 20__	_____, 2020	___

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

MARYLAND ENVIRONMENTAL SERVICE, a body politic and corporate constituting an instrumentality of the State of Maryland (the "**Service**"), for value received, hereby promises to pay, but only from the Revenues (defined herein) and other funds pledged to such payment under the Indenture (defined herein), to the Registered Owner shown above or registered assigns or legal representative, upon the presentation and surrender hereof as provided herein, the Principal Sum shown above on the Maturity Date shown above (or earlier as hereinafter referred to), with interest thereon from the most recent date to which interest has been paid, or if the Date of Authentication shown below is prior to the first interest payment date, from the Dated Date shown above, at the Interest Rate shown above until said Principal Sum is paid, payable on November 1, 2020, and semiannually thereafter on May 1 and November 1 of each year.

All interest due on this bond shall be payable to the person in whose name this bond is registered on the bond registration books maintained by The Bank of New York Mellon, as trustee, paying agent and registrar (such entity and any successor in such capacity being referred to herein as the "**Trustee**") as of the close of business, on the fifteenth day of the calendar month immediately preceding the interest payment date upon which such interest is due and payable and shall be made by check mailed to the address of such owner as it appears on the bond registration books maintained by the Trustee; provided, that if there is a default in the payment of interest due hereon, such defaulted interest shall be payable to the person in whose name this bond is registered as of the close of business on a subsequent date fixed by the Trustee (the "**Special Record Date**") that is at least 10 and not more than 15 days before the date set for the

payment of such defaulted interest. Notice of any Special Record Date will be given as hereinafter provided to the Registered Owner hereof not later than 10 days before the Special Record Date.

The principal or redemption price of and interest on this bond are payable in lawful money of the United States of America or by check payable in such money. If any payment of the principal or Redemption Price of or interest on this bond shall be due on a day other than a Business Day (defined herein), such payment shall be made on the next Business Day with like effect as if made on the originally scheduled date. "**Business Day**" is any day other than a Saturday, Sunday or legal holiday in the State of Maryland observed as such by the Service or the Trustee, or both.

This bond is a special obligation of the Service payable solely from the Revenues (as defined in the Indenture) pledged by the Service under the Indenture. Neither the State of Maryland or any political subdivision thereof nor the Service is obligated to pay this bond or the interest hereon except from the Revenues, and neither the faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof or of the Service is pledged to the payment of the principal of, redemption price or interest on this bond. The Service has no taxing power.

All acts, conditions and things required by the Constitution and laws of the State of Maryland and the rules and regulations of the Service to happen, exist and be performed precedent to and in the issuance of this bond, the execution and delivery of the Service Agreements (defined herein) and the Indenture have happened, exist and have been performed as so required.

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

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the certificate of authentication indorsed hereon.

1. Indenture. This bond is one of a duly authorized Series of Bonds of the Service designated "Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020" (the "**Series 2020 Bonds**"), aggregating [Nine Million Three Hundred Thirty-Five Thousand Dollars ($9,335,000)] in principal amount, dated _____, 2020, and duly issued by the Service under and pursuant to the Constitution and laws of the State of Maryland, particularly 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**"), the Indenture of Trust dated as of February 1, 2011 by and between the Service and the Trustee (the "**Original Indenture**"), the Supplemental Indenture of Trust dated as of May 1, 2014 by and between the Service and the Trustee (the "**First Supplemental Indenture**"), the Second Supplemental Indenture of Trust

dated as of August 1, 2018 by and between the Service and the Trustee (the "**Second Supplemental Indenture**" and, together with the Original Indenture and the First Supplemental Indenture, the "**Existing Indenture**"), and the Third Supplemental Indenture of Trust dated as of _____, 2020 by and between the Service and the Trustee (the "**Third Supplemental Indenture**" and together with the Existing Indenture, the "**Indenture**"). The terms of the Series 2020 Bonds include those stated in the Indenture, and the Series 2020 Bonds are subject to all such terms. Reference is made hereby to the Indenture for a description of the funds, revenues and charges pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the Service, the Trustee and the Holders of the Series 2020 Bonds. By the acceptance of this bond, the Holder hereof consents to all of the provisions of the Indenture. Certified copies of the Indenture are on file in the designated corporate trust office of the Trustee in Woodland Park, New Jersey and at the office of the Service in Millersville, Maryland.

2. Service Agreements; Revenues. The Service has entered into a Waste Disposal Service Agreement dated as of various dates in May 2009 as set forth therein, (collectively, with all amendments thereto, the **"Service Agreements**") with each of County Commissioners of Caroline County, County Commissioners of Queen Anne's County, County Commissioners of Kent County and Talbot County, all of the State of Maryland (collectively, the "**Mid-Shore Counties**"), providing for the delivery to the Service of Acceptable Waste (defined in the Service Agreements) for disposal at the Mid-Shore II Landfill (defined in the Indenture) and to pay certain fees for such disposal services.

As defined in the Indenture, the Revenues pledged to the repayment of the Series 2020 Bonds include (i) any moneys received from the State pursuant to the provisions of Section 3-108(b) of the Act, (ii) any earnings on funds and accounts held by the Trustee under the Indenture (except the Rebate Fund), (iii) any Supplemental Fees and (iv) Landfill Revenues which are defined under the Service Agreements as including, for any Fiscal Year, the aggregate amount of any revenues, fees and income received by the Service in connection with the operation of the Mid-Shore II Landfill and the provision of solid waste disposal services to the Mid-Shore Counties under the Service Agreements, including, without limitation, (a) revenues from tipping fees charged to all users of the Mid-Shore II Landfill, (b) other operating revenues of the Mid-Shore II Landfill, including, but not limited to, charges for services or use of property or equipment, proceeds from the sale of recovered materials and revenues from gas, steam, or electricity and (c) interest earnings on moneys held by the Service in the Special Purpose Fund (as defined in the Service Agreements and in the Indenture), except as provided in the Service Agreements.

3. The Series 2020 Bonds. The Series 2020 Bonds shall be issued in definitive registered form, duly executed, authenticated and fully registered in the name of the initial Bondholder, as one registered certificate in the denomination equal to the principal amount of the Bonds maturing in each year. The Series 2020 Bonds shall bear interest at the rate of interest per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) set forth below and shall mature on the date and in the principal amount as follows:

November 1	Principal Amount	Interest Rate	November 1	Principal Amount	Interest Rate

2021	$	%	2026	$	%
2022			2027		
2023			2028		
2024			2029		
2025			2030		

4. Additional Bonds. The Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Indenture. (The Series 2020 Bonds and other Bonds issued under the Indenture are herein referred to as "**Parity Bonds**"). All Parity Bonds issued within the limitations and provisions of the Indenture shall be secured equally and ratably by the Revenues and other property pledged by the Service except as may be otherwise provided for in any Supplemental Indenture.

5. [Redemption][HCB4]. The Series 2020 Bonds at the time Outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. The Series 2020 Bonds are subject to redemption in whole, or in part, prior to maturity on any date on or after November 1, [20__], at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2020 Bonds, to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) Extraordinary Mandatory Redemption. The Series 2020 Bonds are subject to redemption prior to maturity, as a whole at any time or in part on any interest payment date, at a Redemption Price equal to the principal amount of such Series 2020 Bonds redeemed, plus accrued and unpaid interest to the date fixed for redemption, in an amount equal to the amount of the net proceeds of casualty insurance and liability insurance with respect to the 2011 Project (as defined in the Indenture) and net proceeds of all or any part of the 2011 Project which is taken in the exercise of the power of eminent domain, or through the exercise of any right or obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Service and any such public authority, that are deposited and held in the Insurance and Condemnation Award Fund and that are not applied to the repair or replacement of the lost, damaged, destroyed or taken property in accordance with the terms of the Indenture.

(c) Extraordinary Optional Redemption. The Series 2020 Bonds are subject to redemption as a whole at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the date fixed for redemption, at the option of the Service upon the occurrence of any of the following events:

(i) the 2011 Project or the Service's interest therein shall have been lost, damaged or destroyed to such an extent that, in the opinion of the Service (A) the 2011 Project cannot be reasonably restored within a period of 12 months to the condition thereof immediately preceding such loss, damage or destruction, or (B)

the Service is thereby prevented from carrying on its normal operation of the 2011 Project for a period in excess of 12 months from the date of damage or destruction; or

(ii) taking or condemnation of the title to, or the temporary use of, all or substantially all of the 2011 Project by a competent authority or loss of use or possession of all or substantially all of the 2011 Project, which taking, condemnation or loss results, or is likely to result, in the Service's being prevented or likely to be prevented from carrying on its normal operation of the 2011 Project for a period in excess of 12 months from the date of any such event; or

(iii) as a result of changes in Applicable Law (defined in the Indenture), (A) the Indenture or the Service Agreements shall become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein, or (B) unreasonable burdens or excessive liabilities are imposed upon the Service by reason of the operation of the 2011 Project, or (C) the Service is no longer able to operate the 2011 Project; or

(iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the 2011 Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 2011 Project uneconomic or unsuitable for the purposes specified in the Service Agreements for a period in excess of 12 months from the date of such changes; or

(v) a final decree or judgment of any federal court or any determination, decision or decree by the Internal Revenue Service shall have been entered, which decree, judgment, determination or decision is not subject to further appeal and determines that interest paid or payable on any tax-exempt Bond is not or was not excludable from the gross income of the Holder thereof for federal income tax purposes other than with respect to any period during which such Holder was a "substantial user" of the 2011 Project or a "related person" (as such terms are used in Section 147(a) of the Internal Revenue Code).

(c) Selection of Bonds to be Redeemed. If fewer than all of the Series 2020 Bonds of any one maturity shall be called for redemption, the particular Series 2020 Bonds or portions of Series 2020 Bonds to be redeemed from such maturity shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine. Money available for the redemption of Parity Bonds shall be allocated to the Series 2020 Bonds and any Additional Bonds Outstanding under the Indenture in the manner provided in the Indenture.

(d) Notice of Redemption. Notice of any redemption shall be mailed at least 30 days before the redemption date to the Registered Owners of the Series 2020 Bonds to be redeemed, but failure so to mail any such notice to any of such Registered Owners shall not affect the validity of the proceedings for the redemption of any other Series 2020 Bonds. As provided in the Third Supplemental Indenture, the Trustee may provide

a conditional notice of redemption or may withdraw such notice at any time, upon the direction of the Service.

(e) Effect of Call for Redemption. On the date designated for redemption, notice having been given as provided herein, the Series 2020 Bonds or portions of Series 2020 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2020 Bonds or such portions thereof on such date and, if moneys for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2020 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2020 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the Registered Owners thereof shall have no rights in respect of such Series 2020 Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee. If a portion of the Series 2020 Bonds shall be called for redemption, a new Series 2020 Bond or Series 2020 Bonds in the aggregate principal amount equal to the unredeemed portion hereof, of the same Series and maturity and bearing interest at the same rate, shall be issued to the Registered Owner upon the surrender hereof.

6. Acceleration; Defeasance. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2020 Bonds then Outstanding under the Indenture may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

The Indenture prescribes the manner in which it may be discharged and provides that the Series 2020 Bonds shall be deemed to be paid if moneys or Government Obligations (defined in the Indenture), the principal of and interest on which, when due, will be sufficient to pay the principal or redemption price of and interest on such Bonds to the date of maturity or redemption thereof, shall have been deposited with the Trustee.

7. Persons Deemed Owners; Restrictions upon Actions by Individual Holders. The Service and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof (whether or not this bond shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Service or the Trustee) for the purpose of receiving payment of or on account of the principal or redemption price of this bond, and for all other purposes except as otherwise provided herein with respect to the payment of interest on this bond, and neither the Service nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Registered Owner, or upon such owner's order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable under this bond.

The Registered Owner of this bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect hereto, except as provided in the Indenture.

8. Transfer and Exchange. This bond may be exchanged for an equal aggregate principal amount of Series 2020 Bonds, of the same maturity and bearing interest at the same rate and of other authorized denominations, and the transfer of this bond may be registered, upon presentation and surrender of this bond at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Registered Owner hereof or such owner's attorney or legal representative. The Service and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the Service nor the Trustee shall be required to register the transfer of this bond or make any such exchange of this bond after this bond or any portion hereof has been selected for redemption.

9. Modifications. Modifications or alterations of the Indenture or the Service Agreements may be made only to the extent and in the circumstances permitted by the Indenture and the Service Agreements.

10. Negotiability. As declared by the Act, this bond shall be and be deemed to be for all purposes a negotiable instrument subject only to the provisions for registration and registration of transfer stated herein.

11. Notices. Except as otherwise provided in the Indenture and this bond, when the Trustee is required to give notice to the owner of this bond, such notice shall be mailed by first-class mail to the Registered Owner of this bond at such owner's address as it appears on the registration books maintained by the Trustee. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.

[Signatures on following page.]

IN WITNESS WHEREOF, Maryland Environmental Service has caused this bond to be executed in its name by the manual signature of the Director of the Service and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual signature of its Treasurer, all as of the ___ day of _____, 2020.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Dr. Charles Glass, Ph.D.
Director

[SEAL]

Attest:

_____
Michael C. Harris
Treasurer

Certificate of Authentication

Date of Authentication: _____

This bond is one of the bonds of the Series designated herein and issued under the provisions of the within-mentioned Indenture. A signed original of the complete text of the opinion of Whiteford, Taylor & Preston L.L.P., Bond Counsel is on file with the undersigned.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

[FORM OF CONSTRUCTION FUND REQUISITION]

[$9,355,000]
Maryland Environmental Service
Refunding Revenue Bonds
(Mid-Shore II Regional Landfill Project),
Series 2020

CONSTRUCTION FUND REQUISITION

To: The Bank of New York Mellon, as trustee
Woodland Park, New Jersey

Requisition Number:
Date:

Pursuant to the Indenture of Trust dated as of February 1, 2011, the Supplemental Indenture of Trust dated as of May 1, 2014, the Second Supplemental Indenture of Trust dated as of August 1, 2018 and the Third Supplemental Indenture of Trust dated as of _____, 2020 (collectively, the "**Indenture**"), each by and between the Maryland Environmental Service (the "**Service**") and The Bank of New York Mellon, as trustee (the "**Trustee**"), we request that you make a disbursement of funds from proceeds of the above referenced bonds (the "**Series 2020 Bonds**") in the Construction Fund, held by you as Trustee under the Indenture, to the parties listed in Schedule I ("**Schedule I**") attached hereto, in the following amount and for the following purpose:

Amount: $_____

Purpose for Requisition: Payment or reimbursement of costs of issuance as detailed in Schedule I

The undersigned hereby certifies that (i) as of the date of this requisition, all the representations and warranties of the Service contained in the Indenture are true and correct; (ii) no Event of Default under the Indenture exists and no occurrence or condition exists which would, with the passage of time or the giving of notice, or both, become or constitute an Event of Default under the Indenture; (iii) none of the items for which funds are being requisitioned has formed the basis for any disbursement heretofore made from the Construction Fund; (iv) the payment of the requisitioned amounts is a proper charge against the Construction Fund and represents an amount required to be paid at that time by the Service with respect to the costs of issuance, as evidenced by the attached invoices or receipts; (v) the payee named herein is not in default under any of the terms of any contract with the Service pursuant to which payment is being requisitioned hereby; and (vi) the amount being requisitioned does not exceed the amount necessary to finance the purpose stated herein.

IN WITNESS WHEREOF, the Service has caused this Construction Fund Requisition to be executed by an Authorized Officer, as required by the Indenture.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Name:
Title:

[SIGNATURE PAGE TO THE CONSTRUCTION FUND REQUISITION]

SCHEDULE I

DISBURSEMENTS FROM CONSTRUCTION FUND

DESCRIPTION	PAYEE	AMOUNT
		$_____

WIRING/MAILING INFORMATION FOR PAYEES

See attached

ESCROW DEPOSIT AGREEMENT

MARYLAND ENVIRONMENTAL SERVICE

AND

THE BANK OF NEW YORK MELLON,

as Escrow Deposit Agent

Dated as of _____, 2020

[$9,355,000]
MARYLAND ENVIRONMENTAL SERVICE
Refunding Revenue Bonds
(Mid-Shore II Regional Landfill Project)
Series 2020

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ESCROW DEPOSIT AGREEMENT

This ESCROW DEPOSIT AGREEMENT (this "**Escrow Deposit Agreement**") dated as of _____, 2020, is by and between MARYLAND ENVIRONMENTAL SERVICE, a body politic and corporate and public instrumentality of the State of Maryland (the "**Service**"), and THE BANK OF NEW YORK MELLON, a New York banking corporation, as Escrow Deposit Agent (the "**Escrow Deposit Agent**") under this Escrow Deposit Agreement.

RECITALS

The Service, pursuant to Sections 3-101 through 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland, as amended, and an Indenture of Trust dated as of February 1, 2011, by and between the Service and The Bank of New York Mellon, as trustee (the "**Trustee**"), as amended and supplemented (and as so amended and supplemented, the "**Existing Indenture**"), issued its Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 of various series, of which certain callable maturities are outstanding on the date hereof, all as set forth on Schedule A (such callable bonds hereinafter collectively referred to as the "**Refunded Bonds**").

In order to effect the refunding of the Refunded Bonds, the Service, pursuant to a resolution of the Board of Directors of the Service adopted on July ___, 2020, and that certain Third Supplemental Indenture of Trust dated as _____, 2020, between the Service and the Trustee (the "**Third Supplemental Indenture**"), has authorized, among other things, the issuance of bonds in the original aggregate principal amount of [$9,335,000] designated "Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "**Refunding Bonds**").

The Service, pursuant to the Third Supplemental Indenture, has determined to provide for the refunding of the Refunded Bonds by depositing with the Escrow Deposit Agent immediately available funds sufficient to purchase direct obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America, which are not redeemable prior to maturity at the option of the issuer, the principal of and interest on which, together with any cash balance, will be sufficient, without reinvestment, to redeem on November 1, 2020 (the "**Redemption Date**"), all Refunded Bonds at a price equal to the principal amount thereof and to pay all accrued and unpaid interest thereon to the Redemption Date, as hereinafter provided.

The Service and the Escrow Deposit Agent have received a Verification Report from _____ dated _____, 2020, with respect to the Refunded Bonds (the "**Verification Report**").

NOW, THEREFORE, the Service and the Escrow Deposit Agent, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless otherwise defined herein, the capitalized terms used in this Escrow Deposit Agreement shall have the meanings provided for such terms in the Existing Indenture unless a different meaning clearly appears from the context:

"Authorized Baltimore Newspaper" means a daily newspaper printed in the English language and having a general circulation in the City of Baltimore, Maryland.

"Authorized New York Newspaper" means a daily newspaper printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York, or a financial journal printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York.

"Escrow Deposit Account" means the fund so designated which is created and established by Section 2.02 of this Escrow Deposit Agreement.

"Escrow Deposit Agent" means The Bank of New York Mellon, a New York banking corporation, or any successor Escrow Deposit Agent appointed under the provisions of this Escrow Deposit Agreement.

"Escrow Deposit Agreement" means this Escrow Deposit Agreement dated as of _____, 2020, pertaining to the refunding of the Refunded Bonds, executed by and between the Service and the Escrow Deposit Agent.

"Escrowed Government Obligations" means Government Obligations on deposit from time to time to the credit of the Escrow Deposit Account created and established by this Escrow Deposit Agreement.

"Government Obligations" means direct obligations of, or obligations for the timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America.

"Holder" means, when used with reference to a Refunded Bond, the registered owner of such Refunded Bond.

["Information Services" means, and includes Financial Information, Inc., "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's Notification Services, "Called Bond Services," 55 Water Street, 45th Floor, New York, New York 10041; and Moody's Investor Service, "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; or in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called bonds, or, if the Trustee does not select a service, then such service or

services as the Service may designate in a certificate of the Service delivered to the Trustee.]

[“Rating Agencies” means S&P Global Ratings, or any other securities rating agency that, at the request of the Service shall have assigned a rating that is then in effect with respect to the Refunded Bonds, and their successors and assigns, and “Rating Agencies” means each such Rating Agency, collectively.][HCB1]

“Refunded Bonds” means the Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011, listed on Schedule A attached hereto.

[“Securities Depository” or “Securities Depositories” means (a) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, facsimile: (516) 227-4039 or (516) 227-4190; and Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Facsimile: (215) 496-5058 or (b) in accordance with the then current guidelines of the Securities and Exchange Commission, such other addresses and/or any such other securities depositories or any such other depositories which have been designated in a certificate of the Service delivered to the Trustee.]

“Service” means Maryland Environmental Service, a body politic and corporate and public instrumentality of the State of Maryland.

“Trustee” means The Bank of New York Mellon, a New York banking corporation, in its capacity as trustee under the Existing Indenture, and any other corporation that may at any time be substituted in its place pursuant to the Existing Indenture, and their successors.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Escrow Deposit Agreement:

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number.

(b) Words of the masculine gender include correlative words of the feminine and neuter genders.

(c) The headings set forth in this Escrow Deposit Agreement are solely for convenience of reference and shall not constitute a part of this Escrow Deposit Agreement, nor shall they affect its meaning, construction or effect.

(d) Words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(e) Any reference to a particular Article, Section or Schedule shall be to such Article, Section or Schedule of or to this Escrow Deposit Agreement unless the context shall otherwise require.

ARTICLE II

ESCROW FOR REFUNDED BONDS

Section 2.01. Receipt of Existing Indenture, Third Supplemental Indenture and Specimen Obligations. The Escrow Deposit Agent hereby acknowledges receipt of copies of the Existing Indenture and the Third Supplemental Indenture, and a specimen bond of each series of the Refunded Bonds.

Section 2.02. Establishment of Escrow Deposit Account. There is hereby created and established with the Escrow Deposit Agent a special and irrevocable Escrow Deposit Account designated "Maryland Environmental Service Mid-Shore II Regional Landfill, Series 2011 Escrow Deposit Account" (the "**Escrow Deposit Account**"). The Escrow Deposit Account shall be held in trust by the Escrow Deposit Agent separate and apart from other funds of the Service and of the Escrow Deposit Agent.

Section 2.03. Deposit of Funds. The Service herewith deposits or is causing to be deposited with the Escrow Deposit Agent immediately available funds, for deposit to the Escrow Deposit Account, in the aggregate amount of $_____, of which $_____ are the proceeds of the Series 2020 Bonds and $_____ are the amounts currently on deposit with the Trustee and transferred to the Escrow Deposit Account. The Service represents that such funds will be sufficient to purchase Government Obligations as described in Schedule B that will mature in principal amounts at such times and bear interest at a rate or rates so that sufficient moneys will be available from such maturing principal and interest and any cash balance to (a) to pay, when due, the accrued and unpaid interest on the Refunded Bonds until and including the Redemption Date and (b) to redeem the Refunded Bonds on the Redemption Date and at the redemption price set forth in Schedule A and to pay all accrued and unpaid interest thereon to the Redemption Date, as more fully set forth below. The Service further represents that such funds are derived from the net proceeds of the sale of the Refunding Bonds and certain amounts on deposit in the funds and accounts held by the Trustee for the Refunded Bonds.

Section 2.04. Deposit Irrevocable. The deposit of funds in the Escrow Deposit Account shall constitute an irrevocable pledge and deposit of such funds for the equal and ratable benefit of the Holders of the Refunded Bonds. The principal of the Escrowed Government Obligations and interest earned thereon shall be held in escrow and shall be applied, as hereinafter set forth, solely to the payment of the redemption price of, and interest on, the Refunded Bonds as set forth above.

Section 2.05. Investment and Substitution.

(a) (i) *Initial Investment*. The Escrow Deposit Agent hereby acknowledges the creation and establishment of the Escrow Deposit Account and acknowledges receipt of the sum described in Section 2.03 of this Escrow Deposit Agreement. The Escrow Deposit Agent shall deposit such sum to the Escrow Deposit Account and shall apply a $_____ portion of such funds to the purchase of the Government Obligations as described in Schedule B attached hereto and deposit such Government Obligations in the Escrow Deposit Account. The Escrow Deposit

Agent shall hold the aggregate balance of $_____ in the Escrow Deposit Account as uninvested cash.

(ii) *Substitution*. Notwithstanding anything to the contrary in this Escrow Deposit Agreement, the Escrow Deposit Agent shall, upon the written direction of the Service, sell or redeem all or a portion of the Government Obligations held in the Escrow Deposit Account and simultaneously reinvest all or a portion of the proceeds of such sale in Government Obligations, which after being so substituted shall be considered Escrowed Government Obligations for all purposes hereunder, but only upon receipt by the Escrow Deposit Agent of the following: (A) an opinion of bond counsel to the Service ("**Bond Counsel**"), satisfactory to the Escrow Deposit Agent, to the effect that such substitution will not adversely affect the excludability from federal income taxation of interest on the Refunding Bonds or the Refunded Bonds, and (B) an updated Verification Report which refers specifically to the obligations to be substituted for the Government Obligations and verifies the accuracy of computations demonstrating that, after such substitution, the anticipated receipts from investments held in the Escrow Deposit Account will be sufficient, together with any cash deposit, to pay when due, without any further investment, the interest on, and to redeem on the Redemption Date the Refunded Bonds at a price equal to the principal amount thereof and to pay all accrued and unpaid interest thereon to the Redemption Date. Except as otherwise expressly provided in this Section 2.05 and Section 2.06 below, the Escrow Deposit Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of Escrowed Government Obligations held hereunder.

(iii) *Suspension of Sale of SLGs*. If the Escrow Deposit Agent is unable to reinvest any funds as provided in subsection (ii) above due to the suspension of sales of U.S. Treasury Securities - State and Local Government Series, the Escrow Deposit Agent will notify the Service of such suspension, and the Service will provide to the Escrow Deposit Agent written directions to invest applicable amounts in specified Government Obligations with a maturity date of no longer than 90 days from the date of investment as permitted under Revenue Procedure 95-47 (the "**Alternate Investment**"), together with (A) an updated Verification Report regarding the sufficiency of escrowed funds to pay remaining amounts due on the Refunded Bonds, taking into account the Alternate Investment and assuming that any amounts in excess of the purchase price of the Alternate Investment will be rebated to the U.S. Treasury Department (the "Alternate Investment Rebate Amount"), and (B) an opinion of Bond Counsel satisfactory to the Escrow Deposit Agent to the effect that such transaction is in compliance with applicable law and will not adversely affect the excludability from gross income for purposes of federal income taxation of interest paid on the Refunded Bonds or the Refunding Bonds. At least 30 days before any such payment of the Alternate Investment Rebate Amount is due, the Service shall provide to the Escrow Deposit Agent a completed and executed Form 8038-T (or other applicable form) and written instructions as to the required payment by the Escrow Deposit Agent to the U.S. Treasury Department of the Alternate Investment Rebate Amount, which payment shall be made from moneys on deposit in the designated subaccounts in the Escrow Deposit Account within 180 days of the date of purchase of the Alternate Investment pursuant to Revenue Procedure 95-47, as directed in writing by the Service. References in this paragraph to Revenue Procedure 95-47 and dates within which certain actions must be taken pursuant thereto shall be construed to refer to applicable procedures and time periods specified in any superseding revenue procedures or

other applicable advice promulgated by the U.S. Treasury Department. The Escrow Deposit Agent shall not be liable for any payments or penalties determined by the U.S. Treasury Department or other applicable agency if reinvestment instructions are not received when uninvested funds are available.

(b) The Service hereby covenants that no part of the moneys or funds held at any time in the Escrow Deposit Account shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Refunding Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "**Code**"). The Escrow Deposit Agent shall have no responsibility for determining whether the acquisition of such securities or obligations would cause the Refunding Bonds to be "arbitrage bonds" within the meaning of the Code.

(c) The Escrow Deposit Agent shall deposit, as received, all maturing principal of and interest on Escrowed Government Obligations to the credit of the Escrow Deposit Account.

(d) Any portion of the amounts received from the Escrowed Government Obligations not needed at the time of receipt to make the payments of interest and principal on the Refunded Bonds shall remain uninvested and without liability for interest by the Escrow Deposit Agent in the Escrow Deposit Account until applied for such purpose. For the purposes of the immediately preceding sentence "uninvested" shall mean either (i) the purchase at the written direction of the Service of United States Treasury Securities, State and Local Government Series, bearing interest at 0% and maturing prior to the date such amounts are required for the payment of principal or interest requirements on the Refunded Bonds, or (ii) applied to the purchase at the written direction of the Service of additional direct obligations of the United States bearing interest at such other rates as may be authorized by an approving opinion of Bond Counsel to the effect that such use of funds will not cause the Refunded Bonds or the Refunding Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. Any direction provided pursuant to the immediately preceding sentence shall be accompanied by an updated Verification Report.

Section 2.06. Use of Funds and Payment of Obligations. The Escrow Deposit Agent is irrevocably instructed by the Service (i) to invest the cash on hand in the Escrow Deposit Account only in accordance with the instructions set forth in Section 2.05 hereof and (ii) to pay from cash on hand in the Escrow Deposit Account to the Trustee as follows, all as set forth in Schedule C hereto:

(a) on the Redemption Date, a sum sufficient to pay, when due, the accrued and unpaid interest on the Refunded Bonds then due and payable; and

(b) on the Redemption Date for the Refunded Bonds, a sum sufficient to pay the principal of and accrued and unpaid interest on the Refunded Bonds.

The Escrow Cash Flow and Escrow Sufficiency are set forth in Schedule D.

Section 2.07. Pledges and Liens. The Service hereby assigns and pledges to the Escrow

Deposit Agent for the benefit of the Holders of the Refunded Bonds and grants to the Escrow Deposit Agent for the benefit of the Holders of the Refunded Bonds a security interest in the Escrow Deposit Account and the Escrowed Government Obligations, the proceeds thereof and the interest income thereon and all cash, which are on deposit in the Escrow Deposit Account.

Section 2.08. Notice of Refunding and Defeasance.

(a) The Escrow Deposit Agent shall (i) mail a Notice of Redemption respecting the Refunded Bonds substantially in the form included on Schedule E attached hereto to Cede & Co., the Registered Owner of the Refunded Bonds, at least thirty days before the Redemption Date, (ii) cause the same to be published at least once in an Authorized Baltimore Newspaper and an Authorized New York Newspaper at least thirty days before the Redemption Date and (iii) at least two Business Days prior to the day on which the Notice of Redemption is published as set forth in (ii) above, cause the Notice of Redemption to be delivered to DTC by legal facsimile transmission, registered or certified mail or overnight express delivery.

(b) In addition, the Escrow Deposit Agent shall cause such Notice of Redemption to be sent by first class mail, overnight delivery service, electronic means, facsimile transmission or other secure means, postage prepaid, to the Rating Agency, to all of the Securities Depositories and to at least two of the Information Services that disseminate securities redemption notices, when possible, at least two Business Days prior to the mailing of the Notice of Redemption pursuant to (a)(i) above, and in any event no later than simultaneously therewith[HCB2].

(c) [Within 5 days] after the receipt of the moneys described in Section 2.03 above, the Escrow Deposit Agent shall publish the Notice of Defeasance substantially in the form included on Schedule F attached hereto in an Authorized Baltimore Newspaper and an Authorized New York Newspaper. In addition, the Escrow Deposit Agent shall cause such Notice of Defeasance to be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") System at http://emma.msrb.org.

The cost of such notifications shall be paid by the Service pursuant to Section 2.10.

Section 2.09. Irrevocable Election to Redeem; Redemption. The Service represents that it has irrevocably elected to redeem prior to their maturity, on the Redemption Date, all of the Refunded Bonds which mature on [November 1, 2021 through November 1, 2026 and November 1, 2030][HCB3], at a redemption price equal to the principal amount of each bond so redeemed and accrued interest thereon to the Redemption Date, without premium.

Section 2.10. Fees and Expenses of Escrow Deposit Agent. The Escrow Deposit Agent shall be entitled to the payment of its reasonable fees and expenses in connection with this Escrow Deposit Agreement from the Service. The Escrow Deposit Agent shall have no lien whatsoever, nor shall it assert a lien, upon any of the moneys in the Escrow Deposit Account for the payment of its fees and expenses, except to the extent provided in Section 2.11, and shall perform all of its duties hereunder, including its duty to give notices, in any case, notwithstanding the failure of the Service to make payments when due.

The Service shall pay all the costs of making investments from moneys on deposit in the Escrow Deposit Account.

Section 2.11. Liabilities and Duties of Escrow Deposit Agent.

(a) The Escrow Deposit Agent and its successors, assigns, agents and servants, absent negligence or willful misconduct, shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Deposit Agreement, the establishment of the Escrow Deposit Account, the acceptance of the moneys deposited therein, the purchase and sale of Escrowed Government Obligations, the retention of the Escrowed Government Obligations or the proceeds thereof, the registration or transfer of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Deposit Agent in accordance with the provisions of this Escrow Deposit Agreement. The Escrow Deposit Agent shall not be liable for the accuracy of the calculations as to the sufficiency of monies and of the principal amount of Government Obligations and the earnings thereon to pay the Refunded Bonds. The Escrow Deposit Agent shall have no responsibility for determining whether any rebate or yield reduction payments are required with respect to the Refunded Bonds or the Refunding Bonds or amounts held in the Escrow Deposit Account or for making any such payments.

(b) This Escrow Deposit Agreement sets forth exclusively the duties of the Escrow Deposit Agent with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this Escrow Deposit Agreement against the Escrow Deposit Agent. The Escrow Deposit Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give any writing, notice, advice or direction in connection with the provisions hereof has been duly authorized to do so. The Escrow Deposit Agent may act in reliance upon advice of nationally recognized counsel with respect to any matter connected herewith.

(c) The Escrow Deposit Agent and its affiliates may become the owner of or may deal in Refunded Bonds as fully and with the same rights as if it were not the Escrow Deposit Agent.

Section 2.12. Term; Disposition of Surplus Funds. This Escrow Deposit Agreement shall become effective upon its execution and delivery and shall terminate when the principal of all the Refunded Bonds and the interest due thereon have been paid and discharged in accordance herewith. The Service hereby grants to the Escrow Deposit Agent a lien on any moneys remaining in the Escrow Deposit Account after the payment of such principal and interest to the extent of any unpaid fees and expenses of the Escrow Deposit Agent. Upon termination of this Escrow Deposit Agreement and after payment of any unpaid fees and expenses of the Escrow Deposit Agent, any remaining moneys and Escrowed Government Obligations shall be paid and delivered by the Escrow Deposit Agent to the Service or to a depository designated by the Service, to be applied at the Service's discretion in a manner consistent with the Third Supplemental Indenture.

ARTICLE III

MISCELLANEOUS

Section 3.01. Entire Agreement; Counterparts. This Escrow Deposit Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 3.02. Severability. If any clause, provision or Section of this Escrow Deposit Agreement is held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof, and this Escrow Deposit Agreement shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Escrow Deposit Agreement is held to be in violation of law, then such agreement or obligation shall be determined to be the agreement or obligation of the Service or the Escrow Deposit Agent, as the case may be, only to the full extent permitted by law.

Section 3.03. Maryland Law. This Escrow Deposit Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 3.04. Security Agreement. The Service executes this Escrow Deposit Agreement as a debtor under the Maryland Uniform Commercial Code and the Escrow Deposit Agent executes this Escrow Deposit Agreement as a secured party under the Maryland Uniform Commercial Code, it being intended by the parties hereto that this Escrow Deposit Agreement shall constitute and be a security agreement under the laws of the State of Maryland.

Section 3.05. Representations.

(a) The Service hereby represents that it (i) was duly created by and is in existence under the laws of the State of Maryland and possesses the authority under such laws and the Existing Indenture and the Third Supplemental Indenture to enter into the transactions contemplated by this Escrow Deposit Agreement, (ii) is not in default under any of the provisions of the laws of the State of Maryland which would affect its existence or its power referred to in the preceding clause (i), and (iii) has taken due and proper action to authorize the execution and delivery of this Escrow Deposit Agreement.

(b) The Escrow Deposit Agent hereby represents that it (i) has been duly organized, is validly existing and is in good standing under the banking laws of the State of New York, (ii) has the corporate power and authority to act as Escrow Deposit Agent under this Escrow Deposit Agreement, and (iii) may validly and legally perform the duties and obligations of the Escrow Deposit Agent under this Escrow Deposit Agreement.

Section 3.06. Resignation and Removal of Escrow Deposit Agent; Successor Escrow Deposit Agent.

(a) The Escrow Deposit Agent may resign and thereby become discharged from its trusts, duties and obligations hereunder by giving not fewer than [45] days' written notice, specifying the date when such resignation shall take effect, to the Service. Such resignation, however, shall take effect only upon (i) the appointment and qualification of a successor Escrow Deposit Agent in accordance with the terms hereof and (ii) the transfer and assignment described in Section 3.06(c) below.

(b) The Escrow Deposit Agent may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Escrow Deposit Agreement with respect to the duties and obligations of the Escrow Deposit Agent by any court of competent jurisdiction upon the application of the Service or the Holders of not less than fifty percent (50%) in aggregate principal amount of the Refunded Bonds which are outstanding at the time of such application. Such removal, however, shall take effect only upon (i) the appointment and qualification of a successor Escrow Deposit Agent in accordance with the terms hereof and (ii) the transfer and assignment described in Section 3.06(c) below.

(c) If at any time hereafter the Escrow Deposit Agent shall resign, be removed or dissolved or otherwise become incapable of performing all of its duties hereunder, the Service shall immediately appoint a successor Escrow Deposit Agent to fill such vacancy promptly, and in the event such successor is appointed for reasons other than the resignation of the Escrow Deposit Agent, the Service, at its own cost and expense, shall send a notice of any such resignation, removal or dissolution and such appointment made by it by first-class mail to the Holders. If no appointment of a successor shall be made within sixty (60) days after the giving of written notice of resignation by the Escrow Deposit Agent in accordance with paragraph (b) above, the Escrow Deposit Agent may apply to any court of competent jurisdiction for the appointment of such a successor at the expense of the Service, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor. Upon the appointment of a successor, the Escrow Deposit Agent shall assign all of its rights and duties hereunder to its successor and shall transfer all moneys and Escrowed Government Obligations held in the Escrow Deposit Account to its successor.

(d) Any successor Escrow Deposit Agent hereafter appointed shall be a commercial bank or trust company or national banking association having a reported capital and surplus of at least $50,000,000 situated within or outside the State of Maryland, duly authorized to exercise corporate trust powers and perform all the duties of the Escrow Deposit Agent, and be subject to examination by Federal or state bank authorities.

(e) So long as there shall be held in the Escrow Deposit Account any United States Treasury Obligations, State and Local Government Series, the Service shall cause the United States Treasury to be promptly advised of the appointment of any successor Escrow Deposit Agent or of any change in the name or address of the Escrow Deposit Agent.

Section 3.07. Amendment. This Escrow Deposit Agreement is irrevocable. The Service and the Escrow Deposit Agent may amend this Escrow Deposit Agreement without the consent

of or notice to the Holders of the Refunded Bonds, but only in order to: (a) insert unintentionally omitted material, correct mistakes or clarify ambiguities; (b) pledge additional security to the Holders of the Refunded Bonds; (c) deposit additional cash or securities in the Escrow Deposit Account; or (d) make other amendments regarding which the Rating Agencies have confirmed in writing that their respective ratings on the Refunded Bonds will not be lowered or withdrawn as a result thereof. Any other amendments shall require the written consent of 100% of the Holders of the Refunded Bonds.

Before the Service and the Escrow Deposit Agent enter into any amendment to this Escrow Deposit Agreement as described above, there shall have been delivered to the Service and the Escrow Deposit Agent an opinion of Bond Counsel to the Service stating that such amendment is authorized or permitted by the Escrow Deposit Agreement and the Third Supplemental Indenture, complies with their respective terms, will, upon the execution and deliver thereof, be valid and binding upon the Service and the Escrow Deposit Agent in accordance with its terms and will not adversely affect (a) the excludability of the interest payable on the Refunding Bonds or the Refunded Bonds from the gross income of the Holders thereof for purposes of Federal income taxation, or (b) the exemption of the Refunding Bonds or the Refunded Bonds from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind. The Escrow Deposit Agent shall give written notice to each of the Rating Agencies prior to making any amendment to this Escrow Deposit Agreement, enclosing therewith a copy of the proposed amendment.

Section 3.08. Notices to Rating Agencies. Any written notices to the Rating Agencies required under this Escrow Deposit Agreement shall be deemed to have been properly given three days after the same are mailed by certified mail, postage prepaid, return receipt requested, to the addresses designated below:

S&P Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
[Attention: _____]
[Email: _____][HCB4]

Each of the foregoing may designate, by written notice sent to the Escrow Deposit Agent at [The Bank of New York Mellon, 385 Rifle Camp Road, Woodland Park, New Jersey 07424, Attention: _____], any further or different addresses to which subsequent notices shall be sent hereunder.

[This space intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be duly executed, sealed and delivered as of the day and year first written above.

(SEAL) **MARYLAND ENVIRONMENTAL SERVICE**

ATTEST: By: _____
Name:
Title:

_____
Name:
Title:

(SEAL) **THE BANK OF NEW YORK MELLON**,
as Escrow Deposit Agent

ATTEST: By: _____
Name:
Title:

_____
Name:
Title:

[Signature page to the Escrow Deposit Agreement]

ACKNOWLEDGMENT

The Bank of New York Mellon, a New York state banking corporation, as Trustee under the Existing Indenture, hereby acknowledges the terms of the foregoing Escrow Deposit Agreement and agrees to be bound thereby.

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Name:
Title:

SCHEDULE A

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2011[HCB5]

MATURING NOVEMBER 1	PRINCIPAL AMOUNT	RATE OF INTEREST	REDEMPTION PRICE	CUSIP
2021	$890,000	5.000%	100%	574058DT7
2022	$935,000	5.000%	100%	574058DU4
2023	$980,000	5.000%	100%	574058DV2
2024	$1,030,000	5.000%	100%	574058DW0
2025	$1,085,000	5.000%	100%	574058DX8
2026	$1,135,000	4.500%	100%	574058DY6
2030	$5,155,000	5.000%	100%	574058DZ3

SCHEDULE B

GOVERNMENT OBLIGATIONS TO BE PURCHASED FROM AMOUNTS ON DEPOSIT IN THE ESCROW DEPOSIT ACCOUNT

Series 2011 Refunded Bonds:

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Sep 2, 2020:	SLGS	Certificate	11/01/2020	11/01/2020	$11,485,335	0.110%	0.110%
					$11,485,335		

SCHEDULE C

DEBT SERVICE REQUIREMENTS[HCB6]

Redemption Date	Interest	Principal	Total
November 1, 2020	$_____	$_____	$_____

SCHEDULE D

ESCROW CASH FLOW AND ESCROW SUFFICIENCY

SCHEDULE E

NOTICE OF REDEMPTION
OF
MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2011[HCB7]

NOTICE IS HEREBY GIVEN that Maryland Environmental Service (the "**Service**") has called for redemption, and will redeem, on November 1, 2020, $11,210,000 aggregate principal amount of Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011, which mature on November 1 as follows (the "**Refunded Bonds**"):

MATURING NOVEMBER 1	PRINCIPAL AMOUNT	RATE OF INTEREST	REDEMPTION PRICE	CUSIP
2021	$890,000	5.000%	100%	574058DT7
2022	$935,000	5.000%	100%	574058DU4
2023	$980,000	5.000%	100%	574058DV2
2024	$1,030,000	5.000%	100%	574058DW0
2025	$1,085,000	5.000%	100%	574058DX8
2026	$1,135,000	4.500%	100%	574058DY6
2030	$5,155,000	5.000%	100%	574058DZ3

The Refunded Bonds will become due, must be surrendered and will be redeemed and paid on November 1, 2020, at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, upon presentation and surrender thereof at the designated corporate trust office of The Bank of New York Mellon, Attn: _____, 385 Rifle Camp Road, Woodland Park, New Jersey 07424. INTEREST ON THE REFUNDED BONDS WILL CEASE TO ACCRUE ON NOVEMBER 1, 2020.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the Trustee is required to withhold a certain percentage of any gross payments to holders who fail to provide a valid taxpayer identification number (social security number or employer identification number, as applicable) on or before the date the bonds are presented for redemption. A Form W-9 may be obtained from the Internal Revenue Service or any local bank or broker. Please properly complete the Form W-9 when presenting your bonds for redemption.

Any questions may be directed to The Bank of New York Mellon at (___) ___-____.

Dated: _____

MARYLAND ENVIRONMENTAL SERVICE
By: The Bank of New York Mellon, as Escrow Deposit Agent

_____

*CUSIP numbers are included solely for the convenience of the bondholders. No representation is made as to the correctness of the CUSIP numbers either as printed on the bonds or as contained in this Notice.

SCHEDULE F

NOTICE OF DEFEASANCE

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2011[HCB8]

NOTICE IS HEREBY GIVEN that there have been deposited in trust with The Bank of New York Mellon, (the "**Escrow Deposit Agent**") proceeds of certain refunding bonds issued by Maryland Environmental Service (the "**Service**"), and certain other funds, which have been invested in non-callable direct obligations of the United States of America (collectively, the "**Government Obligations**"), for the purpose of refunding $11,210,000 aggregate principal amount of Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 which mature on November 1 as set forth below (the "**Refunded Bonds**"):

MATURING NOVEMBER 1	PRINCIPAL AMOUNT	RATE OF INTEREST	REDEMPTION PRICE	CUSIP
2021	$890,000	5.000%	100%	574058DT7
2022	$935,000	5.000%	100%	574058DU4
2023	$980,000	5.000%	100%	574058DV2
2024	$1,030,000	5.000%	100%	574058DW0
2025	$1,085,000	5.000%	100%	574058DX8
2026	$1,135,000	4.500%	100%	574058DY6
2030	$5,155,000	5.000%	100%	574058DZ3

The Service has irrevocably elected to redeem all of the Refunded Bonds on November 1, 2020. The projected principal and interest payments to be derived from the aforesaid Government Obligations and any cash held in trust by the undersigned Escrow Deposit Agent pursuant to the Escrow Deposit Agreement dated as of _____, 2020, between the Service and the undersigned Escrow Deposit Agent, have been calculated by an independent verification agent to be adequate to pay when due the interest due and to become due on all of the Refunded Bonds to and including November 1, 2020 and to redeem the Refunded Bonds on November 1, 2020, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. The Escrow Deposit Agent makes no representation as to the accuracy of such calculations. Such payment to the holders of the Refunded Bonds shall be made at the place, in the manner, in such medium of payment, by the paying agent and otherwise as provided in the Refunded Bonds. AS THE RESULT OF SUCH DEPOSIT, THE REFUNDED BONDS ARE LEGALLY DEFEASED AND ARE NO LONGER OUTSTANDING UNDER THE INDENTURE OF TRUST DATED AS OF FEBRUARY 1, 2011, BY AND BETWEEN THE SERVICE AND THE BANK OF NEW YORK MELLON, AS TRUSTEE, AS AMENDED AND SUPPLEMENTED (AND AS SO AMENDED AND SUPPLEMENTED, THE "**INDENTURE**"), AND THE REFUNDED BONDS SHALL NO LONGER BE SECURED BY THE INDENTURE OR THE REVENUES PLEDGED THEREUNDER. HOLDERS OF THE

REFUNDED BONDS SHALL BE ENTITLED TO LOOK SOLELY TO MONEYS ON DEPOSIT UNDER THE ESCROW DEPOSIT AGREEMENT FOR PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE REFUNDED BONDS.

THIS IS NOT A CALL NOTICE. NOTICE OF REDEMPTION WILL BE GIVEN IN ACCORDANCE WITH THE REFUNDED BONDS. Any questions may be directed to The Bank of New York Mellon at (___) ___-____.

Date: _____

MARYLAND ENVIRONMENTAL SERVICE
By: The Bank of New York Mellon,
as Escrow Deposit Agent

_____

*CUSIP numbers are provided for solely for the convenience of the bondholders. No representation is made as to the correctness of the CUSIP numbers either as printed on the bonds or as contained in this Notice.

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CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this "**Disclosure Agreement**") dated as of _____, 2020, is executed and delivered by the Maryland Environmental Service (the "**Service**") in connection with the issuance of its $_____ Maryland Environmental Service Refunding Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2020 (the "**Bonds**"). The Bonds are being issued pursuant to a resolution passed by the Service on _____, 2020. The Service, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the Service for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The Service's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

> **"Continuing Disclosure Service"** shall mean the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("**EMMA**") system.
>
> "**Financial Obligation**" shall mean "financial obligation" as such term is used in the Rule, as evidenced by SEC Release No. 34 83885 (August 20, 2018).
>
> **"Listed Events"** shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.
>
> **"Participating Underwriter"** shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
>
> **"Rule"** shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The Service shall provide to the Continuing Disclosure Service annual audited financial statements for the Mid-Shore II Regional Landfill Project and the Service, made available within 275 days after the end of the Service's fiscal year, commencing with the fiscal year ending June 30, 2020, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when

and if available. In the event that audited financial statements are not available within 275 days after the end of the Service's fiscal year (commencing with the fiscal year ending June 30, 2020), the Service will provide unaudited financial statements within said time period.

(b) The annual report of the Service shall also update the following information in the final official statement for the Bonds: (i) tonnage and tipping fee data under the caption "The Project — Tonnage and Tipping Fee History"; (ii) the budget and fund balance data under the caption "Financial Information — Financial Information — Mid-Shore Regional Landfill Private Purpose Trust Fund"; and (iii) the data under the caption "Financial Information — Debt Service Coverage Ratios."

(c) Except as otherwise set forth in this paragraph (c), the presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(1) The Service may make changes to the presentation of the financial information required in paragraph (a) and paragraph (b) necessitated by changes in Generally Accepted Accounting Principles.

(2) The Service may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(d) If the Service is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the Service shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

Section 4. Reporting of Listed Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of final or proposed determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds);

(vii) modifications to rights of bond holders, if material;

(viii) optional, contingent or unscheduled bond calls, if material, and tender offers;

(ix) defeasances of all or a portion of the Bonds;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Service;

(xiii) the consummation of a merger, consolidation or acquisition involving the Service, or the sale of all or substantially all of the assets of the Service, other than in the ordinary course of business, the entry in a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) any change in fiscal year of the Service;

(xvi) incurrence of a Financial Obligation of the Service, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Service, any of which affect security holders, if material; and

(xvii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Service, any of which reflect financial difficulties.

(b) Whenever the Service obtains knowledge of the occurrence of a Listed Event, the Service shall as soon as possible determine if such event would constitute material information for owners of the Bonds. If the Listed Event constitutes material information for owners of Bonds, the Service shall promptly file a notice of such occurrence with the Continuing Disclosure Service.

Section 5. Termination of Reporting Obligation.

The Service's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the Service may terminate its obligations under this Disclosure Agreement if and when the Service no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 6. Amendment.

The Service may provide further or additional assurances that will become part of the Service's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the Service in its discretion, provided that: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Service as the obligated person with respect to the Bonds, or type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the Service that is expert in federal securities law matters. The reasons for the Service agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Service from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Service chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Service shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the Service of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law.

Section 9. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the Service to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

Section 10. Limitation on Remedies.

The Service shall be given written notice at the address set forth below of any claimed failure by the Service to perform its obligations under this Disclosure Agreement, and the Service shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Service shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Service shall be given to the attention of the Assistant Attorney General and the Director of the Service at: Maryland Environmental Service, 259 Najoles Road, Millersville, MD 21108-2515, or at such alternate address as shall be specified by the Service with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds.

This Disclosure Agreement constitutes an undertaking by the Service that is independent of the Service's obligations with respect to the Bonds; any breach or default by the Service under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Recordkeeping.

The Service shall maintain records of all annual financial information disclosure and Listed Events disclosure, including the content of such disclosure, the names of the entities with which such disclosure was filed and the date of filing such disclosure.

Section 13. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Continuing Disclosure Agreement is being executed by the Maryland Environmental Service as of this ___ day of _____, 2020.

MARYLAND ENVIRONMENTAL SERVICE

By:_____
Name:
Title:

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