

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2025

NEW ISSUE -- Book-Entry Only

Rating:

S&P Global Ratings: AA

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants and agreements contained in the Tax Certificate (as defined herein) related to the Series 2025 Bonds and subject to the exceptions under "THE BONDS - Tax Matters" herein, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. By the terms of the authorizing legislation, the Series 2025 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; however, the terms of the authorizing legislation do not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2025 Bonds, their transfer or the income therefrom. See "THE BONDS - Tax Matters" herein.

\$24,835,000*

MARYLAND ENVIRONMENTAL SERVICE

REVENUE BONDS

(MIDSHORE II REGIONAL LANDFILL PROJECT)

SERIES 2025

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:	May 1, 2026
Optional and Mandatory Redemption:	Series 2025 Bonds maturing on or after November 1, 2036* are subject to redemption prior to maturity without premium and the Series 2025 Bonds are subject to mandatory redemption as set forth in "THE BONDS – Redemption Provisions" herein.
Security:	The Series 2025 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 2025 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 2025 Bonds. The Service has no taxing power.
Purpose:	The proceeds of the Series 2025 Bonds will be used to (i) finance or refinance all or a portion of the costs of the planning, design, construction, equipping and operation of Cell Number 5 and Cell Number 1 of the Midshore II Regional Landfill located in Caroline County, Maryland, related infrastructure and all other costs related thereto, (ii) fund certain reserves, if any, (iii) pay capitalized interest on the Series 2025 Bonds, and (iv) to pay for certain costs of issuance of the Series 2025 Bonds (collectively, the "Project").
Trustee, Paying Agent and Registrar:	The Bank of New York Mellon, Jersey City, NJ

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

<u>Maturing November 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price Or Yield</u>	<u>CUSIP</u>	<u>Maturing November 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price Or Yield</u>	<u>CUSIP</u>
2031	\$1,735,000				2037	\$2,345,000			
2032	1,825,000				2038	2,465,000			
2033	1,920,000				2039	2,590,000			
2034	2,015,000				2040	2,725,000			
2035	2,120,000				2041	2,865,000			
2036	2,230,000								

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 2025 Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Saul Ewing LLP, 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 2025 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 October 15, 2025.

*Preliminary, subject to change

THIS PRELIMINARY OFFICIAL STATEMENT HAS NOT BEEN FINALLY ADOPTED AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION AND AMENDMENT. The Series 2025 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 2025 Bonds will be made available concurrently with the sale of the Series 2025 Bonds.

BOARD OF DIRECTORS

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BOND COUNSEL

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Baltimore, Maryland

TRUSTEE

The Bank of New York Mellon
Jersey City, New Jersey

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Philadelphia, Pennsylvania

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 2025 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 Midshore 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 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Service or the Midshore Counties or in the matters described herein since the date hereof.

All information for investors regarding the Service and the Series 2025 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 2025 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 2025 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 2025 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 2025 Bonds has been filed with the United States Securities and Exchange Commission (the “SEC”) or with any state security agency. The Series 2025 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 2025 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 2025 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 2025 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 ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SERVICE DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

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Table of Contents

<u>Section</u>	<u>Page</u>
SUMMARY OF OFFERING	
I. THE BONDS	1
Introduction	1
Plan of Financing	3
Estimated Sources and Uses of Funds	4
Redemption Provisions	4
Security and Sources of Payment for the Bonds	6
Service Agreements.....	8
Service Agreement Flow of Funds	11
2024 Memorandums of Understanding	12
Book-Entry System	13
Tax Matters	15
II. MARYLAND ENVIRONMENTAL SERVICE	19
The Service.....	19
Membership and Organization	20
Key Staff	24
III. MIDSHORE II LANDFILL	25
General	25
Relationship with the Midshore Counties	26
Technology.....	28
Waste Stream Analysis.....	28
Recycling.....	29
Tonnage and Tipping Fee History	30
Caroline County Host Fee	32
Landfill Construction-Related Permits and Approvals.....	32
Solid Waste Disposal Laws & Regulations.....	34
Insurance	35
IV. FINANCIAL INFORMATION	36
Financial Information – The Service.....	36
Financial Information – Midshore II Regional Landfill	37
Debt Service Coverage Ratios.....	42
V. DEBT AND CAPITAL REQUIREMENTS	43
General	43
Debt Service Requirements	43
Future Financing Plans.....	44
VI. MISCELLANEOUS	45
Litigation	45
Ratings.....	45
Continuing Disclosure Undertaking	45
Sale at Competitive Bidding.....	46
Legal Matters.....	46
Financial Advisor	46
Legality of the Series 2025 Bonds for Investment and Deposit	46
Miscellaneous.....	47

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	A-1
APPENDIX B – Proposed Form of Opinion of Bond Counsel	B-1
APPENDIX C-1 – Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)	C-1
APPENDIX C-2 – 2024 MOU (as Representative of the 2024 MOUs Executed and Delivered by each County).....	C-2
APPENDIX D-1 – Indenture	D-1
APPENDIX D-2 –Form of Fourth Supplemental Indenture.....	D-2
APPENDIX E – Form of Service Continuing Disclosure Agreement	E-1
APPENDIX F – Form of County Continuing Disclosure Agreement	F-1
APPENDIX G – Form of Official Notice of Sale	G-1

Summary of Offering

Issuer

Maryland Environmental Service (the “Service” or “MES”).

Bonds

Revenue Bonds (Midshore II Regional Landfill Project), Series 2025 in the aggregate principal amount of \$24,835,000* (the “Series 2025 Bonds”).

Interest Payment Dates

May 1, 2026, and semiannually thereafter on November 1 and May 1 until final maturity.

Redemption of Series 2025 Bonds

The Series 2025 Bonds maturing on or before November 1, 2035* are not subject to optional redemption prior to maturity. The Series 2025 Bonds maturing on or after November 1, 2036* are subject to redemption on or after November 1, 2035*, 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 2025 Bonds to be redeemed, together with interest accrued to the date fixed for redemption. Additionally, the Series 2025 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 2025 Bonds

The Series 2025 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 2025 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 2025 Bonds. The Service has no taxing power.

Proceeds of the Series 2025 Bonds

The proceeds of the Series 2025 Bonds will be used to (i) finance or refinance all or a portion of the costs of the planning, design, construction, equipping and operation of Cell Number 5 and Cell Number 1 of the Midshore II Regional Landfill located in Caroline County, Maryland, related infrastructure and all other costs related thereto, (ii) fund certain reserves, if any, (iii) pay capitalized interest on the Series 2025 Bonds, and (iii) to pay for certain costs of issuance of the Series 2025 Bonds (collectively, the “Project”).

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* Preliminary, subject to change.

Federal and Maryland Income Tax Exemptions

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants and agreements contained in the Tax Certificate (as defined herein) related to the Series 2025 Bonds and subject to the exceptions under “THE BONDS - Tax Matters” herein, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds is (i) excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. By the terms of the authorizing legislation, the Series 2025 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, however, the terms of the authorizing legislation do not expressly refer to, and no opinion is expressed concerning estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2025 Bonds, their transfer or the income therefrom. See “THE BONDS - Tax Matters” herein.

Payment Records of the Service and Midshore Counties

Neither the Service nor any of the Midshore Counties (as defined below) has 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 \$24,835,000* Maryland Environmental Service Revenue Bonds (Midshore II Regional Landfill Project) Series 2025 (the “Series 2025 Bonds”). The issuance, sale and delivery of the Series 2025 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, as further supplemented by that Third Supplemental Indenture of Trust dated as of September 1, 2020, and as further supplemented by that Fourth Supplemental Indenture of Trust dated as of October 1, 2025 (the “Fourth Supplemental Indenture” and collectively, 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 2025 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 resolutions adopted by the Service on June 26, 2025 and August 21, 2025, respectively. The Series 2025 Bonds and any Additional Bonds issued pursuant to the Indenture are herein referred to as the “Bonds”.

A representative copy of the Service Agreements (as defined herein) is attached as Appendix C-1 hereto. The Indenture and the form of the Fourth Supplemental Indenture are attached as Appendix D-1 and Appendix D-2, respectively, to this Official Statement. A representative copy of the 2024 MOU (as defined herein) is attached as Appendix C-2 hereto. 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-1, Appendix D-1 and Appendix D-2. A form of the Continuing Disclosure Agreement for the Service and a form of the Continuing Disclosure Agreement for the Midshore Counties are included in Appendix E and Appendix F, respectively.

General

The Series 2025 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 May 1, 2026, and semiannually thereafter on each November 1 and May 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 2025 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 2025 Bonds will be made so long as DTC or its nominee is the registered owner of the Series 2025 Bonds. See “Book-Entry Only System.”

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* Preliminary, subject to change.

Outstanding Bonds

The Service has previously issued the \$4,500,000 Revenue Bonds (Midshore II Regional Landfill Project) Series 2014 (the “Series 2014 Bonds”), the \$8,915,000 Revenue Bonds (Midshore II Regional Landfill Project) Series 2018 (the “Series 2018 Bonds”) and the \$9,805,000 Refunding Revenue Bonds (Midshore II Regional Landfill Project) Series 2020 (the “Series 2020 Bonds”). The Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds, the Series 2025 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 2014 Bonds is \$1,408,155, the Series 2018 Bonds is \$5,110,000, and the Series 2020 Bonds is \$6,345,000, respectively. The Service also previously issued the \$18,275,000 Revenue Bonds (Midshore II Regional Landfill Project) Series 2011 (the “Series 2011 Bonds”), which were refunded in full by the Series 2020 Bonds. **The Series 2025 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 MWIFA Bonds”). The 2011 MWIFA Bonds were issued in connection with a loan from the Maryland Water Infrastructure Financing Administration (the “MWIFA”). Under the Service Agreements, Landfill Revenues (as defined herein) also may be applied to pay debt service on loans to the Service from the MWIFA. The proceeds of the 2011 MWIFA 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 MWIFA Bonds were not issued under the Indenture and constitute a separate payment obligation of the Service to the MWIFA, 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 MWIFA agreed to forgive repayment of principal and interest on the Series 2011B Bonds so long as the Service performed all of its obligations under that certain Loan Agreement dated as of April 15, 2011, between the Service and the MWIFA. The Service performed all such obligations and the MWIFA did not demand payment of the Series 2011B Bonds. As such, the outstanding balance of the Series 2011B Bonds was deemed forgiven on April 15, 2021. The outstanding principal balance of the Series 2011A Bonds as of June 30, 2025, is \$579,406.

Midshore 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 “Midshore Counties”), pursuant to which each of the Midshore Counties has agreed to deliver all of its Acceptable Waste (as defined in the Service Agreements) for disposal at the Midshore II Landfill, in each year throughout the term of the Series 2025 Bonds and to pay certain disposal fees. The Service Agreements executed by each Midshore County contain substantially similar terms and conditions. Each Midshore County will pay the Service a per-ton disposal fee (the “Tipping Fee”) for Acceptable Waste deliveries to the Midshore II Landfill by the Midshore County. The Service will also charge a Tipping Fee for disposal of Acceptable Waste deliveries to the Midshore II Landfill by persons other than the Midshore Counties. If in any year the (i) Tipping Fees charged to all users of the Midshore II Landfill, (ii) other operating revenues of the Midshore 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 (collectively, 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 Midshore II Landfill, then each County will pay the Service a fee (the “Supplemental Fee”) equal to its share of such deficiency based on its population compared to the population of all Midshore Counties (the “Proportionate Share”). See “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

The individual Midshore counties previously managed their recyclable materials through the Midshore Regional Recycling Program (MRRP). Since July 1, 2012, in accordance with an Intergovernmental Agreement for

Recycling Management Services by and between the Service and each of the Midshore Counties, as amended to date, the Service has been responsible for the collection, removal, consolidation, transportation and marketing of recyclable commodities throughout the Midshore Counties, primarily via a voluntary drop-off program. Recycling containers are located at various locations throughout the Midshore Counties, and citizens make their own arrangement to dispose of recyclable material in these containers. The Service's recycling activities are supported by (i) a recycling surcharge added to the Tipping Fee for solid waste and collected by the Service (the "Solid Waste Recycling Surcharge") and (ii) a recycling surcharge added to the Tipping Fee for yard waste and collected by the Service (the "Yard Waste Recycling Surcharge" and together with the Solid Waste Recycling Surcharge, the "Recycling Surcharge"). The Solid Waste Recycling Surcharge is currently \$5.25 per ton of incoming solid waste and the Yard Waste Recycling Surcharge is currently \$2.75 per ton of incoming yard waste. The Recycling Surcharge as well as all revenues derived from the marketing of recyclable commodities are credited to the "Recycling Surcharge Fund" to be utilized by the Service solely to fund recycling management services. **The Recycling Surcharge and other revenues derived from the marketing of recyclable commodities are not included in Landfill Revenues and are not pledged to the repayment of the Series 2025 Bonds.** For additional information regarding recycling see "MIDSHORE 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 2025 Bonds will be used to (i) finance or refinance all of a portion of the costs of the Project, (ii) fund certain reserves, if any, (iii) pay capitalized interest on the Series 2025 Bonds, and (iii) to pay for certain costs of issuance of the Series 2025 Bonds.

The Series 2025 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 2025 Bonds (other than the Rebate Fund) (collectively, the "Trust Estate"). See "Security and Sources of Payment for the Series 2025 Bonds" herein.

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Estimated Sources and Uses of Funds

The estimated uses of the Series 2025 Bonds are as follows:

Sources of Funds:

Par Amount of Series 2025 Bonds	\$
[Net Original Issue Premium/Discount]	
[Investment Earnings]	
Total Sources of Funds	<u>\$</u>

Uses of Funds:

Deposit to Construction Fund	
Cost of Issuance (1)	
Deposit to Capitalized Interest Account	
Underwriter's Discount	
[Additional Proceeds]	
Total Uses of Funds	<u>\$</u>

-
- (1) Estimate of the Service administrative fees and expenses, legal, financing, credit rating and miscellaneous expenses.

Redemption Provisions

Optional Redemption

The Series 2025 Bonds maturing on or after November 1, 2036* are subject to optional redemption in whole, or in part, prior to maturity beginning on November 1, 2035*, at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption. The Series 2025 Bonds maturing on or prior to November 1, 2035* are not subject to optional redemption.

Extraordinary Mandatory Redemption

The Series 2025 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 2025 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 Project and net proceeds of all or any part of the 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 2025 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 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 Project cannot be reasonably restored within a period of 12 months to the condition thereof immediately preceding such loss, damage

* Preliminary, subject to change.

or destruction, or (B) the Service is thereby prevented from carrying on its normal operation of the 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 Project by a competent authority or loss of use or possession of all or substantially all of the 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 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 Project, or (C) the Service is no longer able to operate the Project; (iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 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 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 2025 Bonds shall be called for redemption, the particular maturities of the Series 2025 Bonds to be redeemed shall be selected by the Service. If fewer than all of the Series 2025 Bonds of any one maturity shall be called for redemption, the particular Series 2025 Bonds or portions of Series 2025 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 2025 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 2025 Bond shall be selected for redemption, upon the presentation and surrender of such Series 2025 Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Series 2025 Bond, the Service shall execute and the Trustee shall authenticate and deliver to or upon the order of the Holder of such Series 2025 Bond or the Holder's attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Series 2025 Bond so surrendered, a Series 2025 Bond or Series 2025 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.

Notice of Redemption

The Service shall give written notice to the Trustee of its election to redeem Series 2025 Bonds pursuant to the Fourth Supplemental Indenture at least 60 days prior to the redemption date of such Series 2025 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 2025 Bonds.

Notice of any redemption shall be mailed at least 30 days before the redemption date to the Registered Owners of the Series 2025 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 2025 Bonds. As provided in the Fourth 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 2025 Bonds shall be given in accordance with the terms of the Series 2025 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2025 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2025 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all

of the Series 2025 Bonds of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers distinctive numbers and letters, if any, of the Series 2025 Bonds to be redeemed, (vi) in the case of Series 2025 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 2025 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 2025 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 2025 Bonds being redeemed. If any Series 2025 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2025 Bond shall state also that on or after the redemption date, upon surrender of such Series 2025 Bond to the Trustee at its designated corporate trust office, a new Series 2025 Bond or Series 2025 Bonds of the same Series of Bonds and maturity, bearing interest at the same rate, and of any denomination authorized by the Fourth Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2025 Bond. Each notice of redemption with respect to any Series 2025 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 2025 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 2025 Bonds the Service has so elected to redeem.

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 2025 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 2025 Bonds shall thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof.

Failure to give notice by mailing to the Holder of any Series 2025 Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series 2025 Bond if notice of such redemption shall have been mailed as so provided.

Security and Sources of Payment for the Bonds

General

The Series 2025 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 2025 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 2025 Bonds. The Service has no taxing power.

Pledge of Revenues

As defined in the Indenture, the Revenues pledged to the repayment of the Series 2025 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 Midshore II Landfill and the provision of solid waste disposal services to the

Midshore Counties under the Service Agreements, including, without limitation (a) revenues from Tipping Fees charged to all users of the Midshore II Landfill, (b) other operating revenues of the Midshore 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 2025 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 Midshore 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 Midshore 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 Midshore County. To date, no Midshore 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 2025 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 Midshore 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 Midshore 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 Midshore II Landfill or any Additional Facilities, as the case may be. See “DEBT AND CAPITAL REQUIREMENTS – Future Financing Plans.”

See “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively, 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 2025 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 “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively, for a further description of the conditions under which Subordinate Obligations may be issued.

No Debt Service Reserve Fund

The Series 2025 Bonds will not be secured by a debt service reserve fund.

Service Agreements

General

Each Midshore 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 2025 Bonds. The Service Agreements provide that the Midshore 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 Midshore Counties have a contractual obligation enforceable by the Service for the benefit of Bondholders. See “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

Obligation of the Midshore Counties to Pay Tipping Fees and Supplemental Fees

The Midshore 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 Midshore 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 2025 Bonds, Additional Bonds, if any, and other debt of the Service payable from Revenues (including the MWIFA Series 2011A Bonds, to the extent they remain outstanding); aggregate costs of operating and maintaining the Midshore 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 Midshore II Landfill is closed. Total Costs does not include the Service’s operation of the Talbot Transfer Station (defined below). See “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

The Midshore 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 Midshore County shall make a quarterly estimated payment of its Proportionate Share (based on such Midshore County’s population compared to the population of all Midshore Counties) of the Supplemental Fee, determined in accordance with a formula described in the Service Agreement.

Under the terms of the Service Agreements, the Midshore 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 Midshore County to take any action to assure the availability of sufficient funds shall not excuse or limit such Midshore 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 Midshore County’s Proportionate Share of the Supplemental Fee or other amounts payable under the Service Agreements prove to be inaccurate. See “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

The Service has not requested a Supplemental Fee under the Service Agreements from any Midshore County. However, there have been fiscal years in which Total Costs exceeded Landfill Revenues, most recently in fiscal year(s) 2022 and 2023.¹ In those years, the Service funded the shortfall with reserve funds from prior excess

¹ While Total Costs exceeded Landfill Revenues and reflect a loss on the Service’s financial statements, there was not an actual shortfall in cash. Rather, the loss was the result of certain Governmental Accounting Standards Board (GASB) requirements, such as closure/post closure estimates accounted for at year end. Sometimes this estimate is larger than previous years and creates an operating loss but only due to the accrual, not because cash payments have been higher than the revenues.

revenues that the Service was holding on deposit in the Service's consolidated bank account. The shortfall was not funded by the Operating Fund (as defined below) and no notice to the Trustee was required.

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 Midshore 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 Midshore 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 Midshore County. See "Security and Sources of Payment for the Bonds – State Intercept Provision" herein.

The obligation of each Midshore County to make payments to the Service under its Service Agreement is not a general obligation of such Midshore County and does not constitute an indebtedness of such Midshore County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing power of such Midshore 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 Midshore II Landfill from individuals and commercial users located within the Midshore 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 Midshore Counties under the Service Agreements. In addition, the Service may accept Acceptable Waste generated outside of the Midshore Counties, provided that either (i) the Midshore Counties have given their consent, or (ii) a Midshore County is in default under its Service Agreement. Prior to accepting any waste generated or collected outside of the Midshore Counties in connection with a default by any of the Midshore Counties under a Service Agreement which can be cured, the Service shall provide the Midshore Counties not in default, if any, with notice of such default. See "Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)" in Appendix C-1.

The Service has agreed to accept and, to the extent permitted by law, each Midshore County has agreed to deliver all Acceptable Waste generated within each Midshore County except for Acceptable Waste to be recycled. For additional information regarding recycling see "MIDSHORE II LANDFILL – Recycling" herein. The Service may refuse delivery of any waste other than Acceptable Waste. The failure of any Midshore 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 Midshore County continues to pay its Proportionate Share of the Supplemental Fee.

If the Midshore 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.

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 Midshore 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 Midshore 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 Midshore Counties, the Service would no longer be obligated to accept waste from the Midshore Counties and the Midshore Counties would no longer be obligated to pay the Tipping Fee, Supplemental Fee or any other fee in connection with the Service Agreements. See “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

Each Midshore County also has the option to terminate its Service Agreement at any time, provided that, among other conditions, the other Midshore Counties agree to such termination and the other Midshore Counties each terminate its respective Service Agreement. If a County exercises this option to terminate under its Service Agreement, the Midshore Counties must purchase and take title to and liability for the Midshore II Landfill and any Alternative Sites. The amount which the Midshore 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 Midshore 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 Midshore II Landfill and any Alternative Sites. The Midshore 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 “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

The Service shall have the right to terminate a Service Agreement with any Midshore County upon the occurrence of an event of default by such Midshore County thereunder. Upon such termination, the Service would no longer be obligated to accept waste from such Midshore County and such Midshore 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 “Service Agreement (as Representative of the Service Agreements Executed and Delivered by each County)” in Appendix C-1.

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 2025 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 Midshore II Landfill for such Fiscal Year as determined by the Service. The balance of the Operating Fund as of June 30 for fiscal year 2025 is in excess of \$1,418,000.

The Service shall withdraw amounts from the Operating Fund on any date (i) to pay any operating expenses of the Midshore II Landfill, any Additional Facilities or any Alternative Site, (ii) to pay the costs of normal equipment additions to the Midshore II Landfill, any Additional Facilities or any Alternative Site, (iii) to pay the costs of acquisition of capital improvements to the Midshore II Landfill, any Additional Facilities or any Alternative Site, (iv) to pay the costs of extraordinary maintenance and repair of the Midshore 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 “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively.

Service Agreement Flow of Funds

The operation of the Midshore 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 Midshore II Landfill is \$70 per ton (which includes the \$5.25 Solid Waste Recycling Surcharge) for solid waste and \$45 per ton (which includes the \$2.75 Yard Waste Recycling Surcharge) for yard waste. The Service applies the Tipping Fee to all loads, except for loads weighing less than or equal to 280 pounds, which are charged a flat fee of \$10. Brush and yard waste may be disposed at a Tipping Fee of \$45 per ton, with a minimum flat fee of \$10 for loads up to 440 pounds. Persons disposing of tires are charged the normal Tipping Fee plus a surcharge that is based on the size and cleanliness 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. All 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 Midshore 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 Midshore 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 18% 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 Midshore II Landfill are deposited regularly 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 Midshore 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 – Financial Information – Midshore II Regional Landfill" 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. Notwithstanding the foregoing, interest is earned and included on all deposits even if excluded from Landfill Revenues under the Indenture.

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 2025 Bonds.

Pursuant to Sections 5.4 and 5.10 of the Service Agreements, if Total Costs exceed Landfill Revenues during a Fiscal Year, each Midshore County must pay its Proportionate Share of the Supplemental Fee. The Supplemental Fee is the amount by which Total Costs exceed Landfill Revenues. Each Midshore County's Proportionate Share of the Supplemental Fee shall be payable in four estimated quarterly payments. The Service shall provide each Midshore County financial statements within 120 days after the last day of each Fiscal Year. At that time, the Service and each Midshore County will make necessary adjustments to account for any deficiency or excess payments of the Supplemental Fee. The Service has not requested a Supplemental Fee under the Service Agreements from any Midshore County. However, there have been fiscal years in which Total Costs

exceeded Landfill Revenues, most recently in fiscal year(s) 2022 and 2023.² In those years, the Service funded the shortfall with reserve funds from prior excess revenues that the Service was holding on deposit in the Service's Consolidated Bank Account. The shortfall was not funded by the Operating Fund (as defined below) and no notice to the Trustee was required.

Any amounts payable by any of the Midshore Counties to the Service which are not paid when due bear interest at the annual rate of 12%. The obligations of the Midshore 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 Midshore 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 Midshore County has been paid. See "Security and Sources of Payment for the Bonds – State Intercept Provision" herein.

2024 Memorandums of Understanding

The 2005 MOU included a provision that each of the Midshore Counties would host an active solid waste disposal facility for 20 years. The Service and the Midshore Counties have since determined that the Midshore II Landfill has sufficient solid waste disposal capacity, as measured by permitted airspace, to remain open beyond the initial 20-year period. Pursuant to an Amended and Restated Memorandum of Understanding dated July 16, 2024, by and between the Service and the Midshore Counties (the "2024 MOU"), the parties agreed to, among other things, extend the term for which the Service will accept solid waste at the Midshore II Regional Landfill beyond the initial 20-year period. The permitted airspace at Midshore II Regional Landfill is currently estimated to be exhausted in approximately 2042.

The 2024 MOU also provides that beginning July 1, 2025, and at the start of each Fiscal Year thereafter while Midshore II Landfill remains open to accept solid waste, the Service will increase the Tipping Fee for residential and commercial waste by a minimum of 1.4% of the prior year's Tipping Fee (the "Annual Tipping Fee Increase"). Notwithstanding the foregoing, the Service may defer imposing an Annual Tipping Fee Increase if it reasonably determines that Landfill Revenues will be sufficient to full cover Total Costs.

The Service and the Midshore Counties also recognized that by continuing to operate the Midshore II Landfill for a period longer than the initial 20 years, Caroline County would be impacted. The 2024 MOU provides that from July 1, 2024, through the date on which Midshore II Landfill stops accepting waste, the Service will pay to Caroline County a host fee (the "Host Fee") for each ton of residential and commercial waste accepted as Midshore II Landfill. From July 1, 2024, through December 31, 2030, the Host Fee will be \$3 per ton. From January 1, 2031, through the date on which Midshore II Landfill stops accepting waste, the Host Fee will be \$6 per ton. All amounts paid to Caroline County will be deemed to be included in the definition of Total Costs as set forth in the Service Agreements. No Host Fee will be paid for (i) any waste or materials accepted from Caroline County's Holly Road Collection site, or (ii) brush or yard waste. The Host Fee will be paid to Caroline County on a quarterly basis.

The 2024 MOU also provides for Queen Anne's County's obligation to identify and acquire a site to develop the Midshore III Landfill and Kent County's obligation to identify and acquire a site to develop the Midshore IV Landfill.

The Service and the Midshore Counties expressly confirmed that the Service Agreements remain in full force and effect and further agreed to continue to diligently perform their respective obligations under the Service Agreements.

² While Total Costs exceeded Landfill Revenues and reflect a loss on the Service's financial statements, there was not an actual shortfall in cash. Rather, the loss was the result of certain Governmental Accounting Standards Board (GASB) requirements, such as closure/post closure estimates accounted for at year end. Sometimes this estimate is larger than previous years and creates an operating loss but only due to the accrual, not because cash payments have been higher than the revenues.

See “2024 MOU (as Representative of the 2024 MOUs Executed and Delivered by each County)” in Appendix C-2.

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 2025 Bonds will be available in book-entry-only form through DTC, in authorized denominations. Purchasers of beneficial ownership interests in the Series 2025 Bonds will not receive certificates representing their interests in the Series 2025 Bonds purchased.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 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 bond certificate will be issued for each maturity of the Series 2025 Bonds, each in the aggregate principal amount of such maturity, 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 the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 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 2025 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 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 the Series 2025 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 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025 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 the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 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 2025 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 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2025 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 dividend 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 2025 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 2025 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, Security 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 2025 Bonds in fully certificated form will be issued as fully registered Series 2025 Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof. Such Series 2025 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 2025 Bond or Series 2025 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 2025 Bond or Series 2025 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 2025 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 2025 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 2025 Bond or Series 2025 Bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Series 2025 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 2025 Bonds requesting exchange or transfer of Series 2025 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 2025 Bonds for such exchange or transfer.

The Registrar and Paying Agent shall not be required to transfer or exchange any Series 2025 Bond after the mailing of notice calling such Series 2025 Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Series 2025 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 2025 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 Saul Ewing LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds is excludable from gross income of the Owners of the Series 2025 Bonds for federal income tax purposes under Section 103 of Internal Revenue Code of 1986, as amended (the “Code”), assuming the accuracy of representations and certifications and continuous 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 2025 Bonds (the “Tax Certificate”) which covenants are designed to meet the requirements (to the extent applicable to the Series 2025 Bonds) of the Code and the regulations thereunder or applicable thereto, except for any period during which any Series 2025 Bonds are held by a person who is a “substantial user” of the Facility or a “related person” thereto within the meaning of Section 103(b)(13) of the Code, and except as described below. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is not an item of tax preference for

purposes of the federal alternative minimum tax imposed on individuals. However, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In order to comply with the requirements of the Code as applicable to the Series 2025 Bonds, the Service has entered into the Tax Certificate, providing, among other things, that the Service will not commit, perform or cause to be committed or performed any act which will adversely affect the exclusion of the interest on the Series 2025 Bonds from gross income of the Owners of such Series 2025 Bonds for federal income tax purposes or fail or refuse to commit or perform any act, the result of which failure or refusal will adversely affect such exclusion. In particular, the Tax Certificate provides that the Service will not make any use of the proceeds of the Series 2025 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 (“IRS”) to be proceeds of the Series 2025 Bonds that would cause any of the Series 2025 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

[Original Issue Discount]

Certain of the Series 2025 Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between the public offering price and the principal amount of such bonds. For federal income tax purposes, original issue discount on a Series 2025 Bond accrues periodically over the term of such bond as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder’s tax basis in a Series 2025 Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Investors should consult their tax advisors for an explanation of the accrual rules.

Purchasers of Series 2025 Bonds at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2025 Bonds.]

[Original Issue Premium]

Certain of the Series 2025 Bonds may be offered at a premium (“original issue premium”) equal generally to the excess of their public offering price over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2025 Bond through reductions in the holder’s tax basis for such bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Investors should consult their tax advisors for an explanation of the amortization rules.

Purchasers of any Series 2025 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2025 Bonds.]

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 2025 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 2025 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 2025 Bonds.

Bond Counsel’s opinion states that interest on the Series 2025 Bonds may become includible in the gross income of the Owners of the Series 2025 Bonds for federal income tax purposes as of the date of their initial issuance, if the proceeds of the Series 2025 Bonds are used or spent other than as contemplated in the Tax Certificate or in some other manner that would cause such Series 2025 Bonds to be “arbitrage bonds” under Section 148 of the Code. In the event of noncompliance with the covenants and agreements 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 2025 Bonds from becoming includible in the gross income of the Owners of such Series 2025 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 2025 Bonds).

Although Bond Counsel will render an opinion that interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2025 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 2025 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 2025 Bonds.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of Series 2025 Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the Series 2025 Bonds.

Legislative Changes

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 2025 Bonds or otherwise prevent holders of the Series 2025 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2025 Bonds. Further, such proposals may impact the marketability or market value of the Series 2025 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 2025 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 2025 Bonds would be impacted thereby.

Purchasers of the Series 2025 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 2025 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.

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 excludable from the gross income of the owners thereof for federal income tax purposes. No assurance can be given as to whether the IRS will commence an audit of the Series 2025 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 2025 Bonds for federal income tax purposes is not binding on the IRS or the courts. Neither of the Service or Bond Counsel is obligated to defend the tax-exempt status of the interest on the Series 2025 Bonds. Neither of the Service or Bond Counsel is responsible for

paying or reimbursing the costs of any bondholder with respect to any audit or litigation relating to the Series 2025 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 2025 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 2025 Bonds, their transfer or the income derived therefrom.

Interest on the Series 2025 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 2025 Bonds should consult their tax advisors regarding the taxable status of the Series 2025 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 Executive 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 of the State of Maryland (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.

The Maryland General Assembly conducted an investigation following the resignation of former Service Director, Roy McGrath, on May 31, 2020. As a result of the investigation, the Maryland Environmental Service Reform Act of 2021 (the “MES Reform Act”) was signed into law on April 13, 2021, and became effective on July 1, 2021. The MES Reform Act provided, among other things, for the removal of the Executive Director as a voting member of the Board of Directors, added the State Treasurer as a member of the Board of Directors and removed all appointees of the Director from the Board of Directors (prior to the MES Reform Act, the Director appointed the Secretary, the Treasurer and the Deputy Director to the Board of Directors). The MES Reform Act also prohibits any employees of the Service from serving on the Board of Directors and requires that the Secretary and the Treasurer be selected by the Board of Directors from among its members. In addition, the MES Reform Act imposed additional requirements with respect to expenditures by the Service, Board of Director conflicts of interest, training, severance packages and reimbursable expenses.

In 2025, the General Assembly again amended the Act by replacing the State Treasurer as a member of the Board with the Secretary of the Department of Planning, or its designee, adding a nonvoting member, who is a member of the Senate and selected by the President of the Senate and adding a nonvoting member, who is a member of the House of Delegates of Maryland and selected by the Speaker of the House of Delegates of Maryland. Chapter 47, Acts 2024 (Senate Bill 315; House Bill 344) was approved by the Governor on April 8, 2025, and became effective on July 1, 2025.

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 by the Service to State of Maryland-owned facilities, local communities, political subdivisions and the private sector.

The Service currently employs 800+ staff members and operates more than 1,000 environmental projects across Maryland and the Mid-Atlantic Region. As a not-for-profit business unit of the State of Maryland, the Service delivers diverse environmental management services to enhance and protect the environment through innovative solutions to the region's most complex environmental challenges.

The Service is organized into four primary operating groups: Environmental Dredging and Restoration, Environmental Operations, Water and Wastewater Services, and Technical and Environmental Services.

The Environmental Dredging and Restoration Group (EDR) provides operational and technical services on behalf of its clients in the areas of dredged material management, habitat restoration, hazardous materials management, environmental management systems and compliance, permitting and mitigation services and, wetland and forest services. EDR provides support with planning, engineering, construction, environmental and regulatory management, and operations. EDR operates three dredged material containment facilities (DMCF) and the Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island on behalf of the Maryland Department of Transportation Maryland Port Administration (MDOT MPA).

The Environmental Operations (EO) Group primarily serves large jurisdictions, municipalities, and rural counties in Maryland to address their solid waste challenges and recycling needs. MES operates solid waste projects, including landfill operations for Harford County and for the Midshore Counties (Caroline, Kent, Queen Anne's, and Talbot). The group also operates materials recovery facilities (MRFs) and yard waste and food waste composting facilities in Montgomery and Prince George's Counties.

The Water and Wastewater (W/WW) Group operates and maintains numerous municipal, County, and State-owned wastewater treatment plants (WWTP) and drinking water treatment plants (WTP). Privately owned facilities are also operated under contract by the W/WW Group. The engineering services division within the W/WW group also implements capital improvement programs for many of these facilities.

The Technical and Environmental Services (TES) Group provides multi-disciplinary environmental planning, monitoring, environmental systems maintenance, geospatial and engineering, and renewable energy services to its partners. This includes tasks such as: planning, permitting, inspection services, monitoring, regulatory reporting, Geographic Information Systems (GIS), and renewable energy services. The TES Group maintains a strong presence working on stormwater management projects throughout the State. TES staff also actively aid its clients with solar projects around the State of Maryland.

Membership and Organization

Board of Directors

The Service's affairs are managed by a ten-member Board of Directors. The Board of Directors consists of the following members: (i) the Executive Director, who serves as a nonvoting member, (ii) the Secretary of the Department of Planning, or the Secretary's designee, (iii) three members from the public sector in the State in positions responsible for environmental, water, wastewater, or solid waste management, (iv) one member from the private sector in the State with technical, financial, development, or legal experience related to environmental, water, wastewater, or solid waste management, (v) one member from the private sector in the State with financial experience related to environmental, water, wastewater, or solid waste management, (vi) one member from the private sector in the State with experience or expertise in matters related to business ethics, preferably involving board of director ethics and conflicts of interest, (vii) one member of the Senate, who serves as a nonvoting member and (viii) one member of the House of Delegates of Maryland, who serves as a nonvoting member.

The Governor, with the advice and consent of the Senate, appoints the public sector and private sector members. The President of the Senate appoints the member of the Senate to the Board of Directors. The Speaker of the House of Maryland appoints the member of the House of Delegates of Maryland to the Board of Directors. The term of a member other than the Secretary of the Department of Planning, the Senate member and the House of Delegates member is four years. Public sector and private sector members may only serve two consecutive four-year terms, plus any partial term served before the initial four-year term. At the end of a term, a member continues to serve until a successor is appointed and qualifies. The Board of Directors selects a Chair from among its members. Below are brief resumes of the Directors.

BRENDON BAATZ, Treasurer, Private Sector Member, appointed July 1, 2023, by the Governor with the advice and consent of the Senate. Mr. Baatz is currently Vice President at Gabel Associates, an energy and environmental consultancy with offices in Highland Park, New Jersey; Philadelphia, Pennsylvania; and Rockville, Maryland. At Gabel Associates, Mr. Baatz advises a range of public and private clients on issues related to electric and gas utility regulation, transportation electrification, and other energy issues. Mr. Baatz previously held positions at the Federal Energy Regulatory Commission, the American Counsel for an Energy-Efficient Economy, the Maryland Public Service Commission, and the Indiana Office of Utility Consumer Counselor. Mr. Baatz holds a Master of Public Affairs from Indiana University Bloomington and a Bachelor of Science from Arizona State University Tempe.

SEAN L. COLEMAN, Esq., Secretary, Public Sector Member, appointed July 1, 2025, by the Governor with the advice and consent of the Senate. Mr. Coleman has been a practicing attorney for nearly 40 years. In 1987, Mr. Coleman was appointed by the Attorney General of Maryland to serve as an Assistant Attorney General representing the Service. In 1993, the Attorney General appointed him to serve as Principal Counsel for the Service, and he held that position until he retired in 2024. During his tenure, Mr. Coleman managed the legal staff assigned to the Service and was involved in all legal matters affecting the agency. Mr. Coleman provided the primary in-house legal advice for all bond issuances of the Service. Mr. Coleman has extensive knowledge of the projects of the Service, including the Midshore II Project. Mr. Coleman is admitted to practice law in the State and federal courts of Maryland, as well as the United States Supreme Court. Mr. Coleman is the recipient of multiple performance awards from the Attorney General of Maryland. Mr. Coleman has a Bachelor of Science degree from Towson University and earned his law degree at the University of Maryland School of Law. Memberships include the National Association of Bond Lawyers, the Solid Waste Association of North America, and State and local bar associations.

REBECCA L. FLORA, AICP, Secretary of the Department of Planning, appointed on July 1, 2025. Ms. Flora has served as the Secretary of the Department of Planning since March 2, 2023. Ms. Flora is currently a member of several State committees including, without limitation, the Governor's Executive Council, the Governor's Council on the Chesapeake Bay (Governor's Chesapeake Bay Cabinet); the Principals' Staff Committee for Chesapeake Executive Council; the Governor's Subcabinet on Climate; the Sustainable Growth Subcabinet; the Smart Growth Subcabinet; the Maryland Heritage Areas Authority; the Maryland Advisory Council on Historic Preservation; and the Maryland Coordinated Permitting Review Council. Ms. Flora also currently serves on a number of State Boards and Commissions. Ms. Flora earned a Bachelor of Arts degree from the State University of New York Plattsburgh in environmental science and received a Master of Urban and Regional Planning from the Virginia Polytechnic Institute and State University. Ms. Flora's past experience includes Executive Director, South Side Local Development Company from 1991-1997; Founding Executive Director, Green Building Alliance from 1997-2008; Adjunct Faculty at the School of Public Policy and Management, Heinz College at Carnegie Mellon University from 1998-2008; Founding Chair and Board of Directors, Green Building Certification Institute (GBCI) from 2007-2008; Board of Directors, Phipps Conservatory and Botanical Gardens from 2007-2008; Pittsburgh Partnership for Neighborhood Development from 2007-2008; Founder, ReMake, LLC from 2010-2023; and Sustainable Communities Practice Leader, Ecology & Environment from 2012-2016.

CHARLES GLASS, PH.D., P.E. (Non-Voting), Executive Director, appointed June 22, 2020, by the Governor with the advice and consent of the Senate. Dr. Glass was appointed as Executive 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.

SHELLEY L. HELLER, Chair of the Board of Directors, Public Sector Member, appointed on November 16, 2020, by the Governor with the advice and consent of the Senate. Selected by the Board of Directors to serve as Chair on July 27, 2023 and re-selected on July 24, 2025. Ms. Heller, raised in Kent County, Maryland, was appointed as the County Administrator for Kent County in 2015. However, her career in local government started in 2011 as a Circuit Rider/Town Manager for several small towns on the Eastern Shore. In her capacity serving Maryland jurisdictions, Ms. Heller has acquired extensive experience in budgeting, contract implementation, and project management. Ms. Heller oversees and is responsible for a variety of departments including Water and Wastewater, Environmental Operations, Human Resources, and Public Safety. Ms. Heller earned her Bachelor of Science degree from Salisbury University in 1994, and began her career as a Contract Specialist at Naval Air Systems Command in Arlington, Virginia. She subsequently worked for a military consultant firm, MPRI, Inc., headquartered in Alexandria, Virginia for 13 years. There, Ms. Heller worked in the International Division, managing all contractual and financial aspects of several training and logistics contracts located worldwide. Ms. Heller currently serves on the Board of Trustees for the Local Government Insurance Trust (LGIT) and the Board of Directors for Maryland Rural Development Corporation (MRDC).

JAMES H. JOHNSON JR., PH.D., P.E., Public Sector Member, appointed July 19, 2023, by the Governor with the advice and consent of the Senate. Mr. Johnson is a professor emeritus of civil engineering and former dean of Howard University's College of Engineering, Architecture, and Computer Sciences. Mr. Johnson worked at Howard University for 38 years, where, in addition to being dean, he served as the Samuel P. Massie Professor of Environmental Engineering. Mr. Johnson earned a Bachelor of Science degree in Civil Engineering from Howard University; a Master of Science degree in Sanitary Engineering from the University of Illinois, Urbana-Champaign; a Doctorate in Applied Sciences from the University of Delaware, and a Certificate in College Management at Carnegie-Mellon University. In addition to his academic background, Mr. Johnson has served as director of the Environmental Protection Agency's (EPA) National Center for Environmental Research, interim president of Baltimore City Community College, and as a technical consultant on environmental projects. Mr. Johnson's accomplishments have been recognized by both technical and civic awards.

MOALIE JOSE, P.E., Private Sector Member, appointed July 1, 2023, and reappointed July 2, 2025, by the Governor with the advice and consent of the Senate. Ms. Jose is an active member of the American Water Works Association, Water Environment Federation, and its local member association, Chesapeake Environment Association, where she is chair of the mentoring committee for the City of Baltimore's YH2O program. Ms. Jose is also a 2022 Alumni of WEF's Water Leadership Institute. From December 2018 to April 2023, Ms. Jose served as a member-at-large on the Baltimore County Board of Education, which is the 22nd largest school district in the United States. During Ms. Jose's tenure with the Board, she was the Chair of the Building and Contracts Committee, Vice-Chair of the Audit Committee, and Member of the Equity Committee. Additionally, Ms. Jose recently served on the Maryland General Assembly's Workgroup on the Assessment and Funding of School Facilities. Ms. Jose has a Master's Degree in Environmental Engineering from the University of Alabama and a Bachelor's Degree in Civil Engineering. Ms. Jose is a certified Organization Change Management Practitioner, as well as a licensed Professional Engineer in the states of Maryland and Virginia, and has over 20 years of experience in the water industry. Ms. Jose has led large-scale water and sewer design projects, technology initiatives, and water infrastructure planning for over 20 years.

ODESSA PHILLIP, Private Sector Member, appointed July 1, 2025, by the Governor with the advice and consent of the Senate. Ms. Phillip is currently President and CEO of Assedo Consulting, LLC, a structural engineer, transportation professional and public engagement expert. Assedo Consulting, LLC, founded by Ms. Phillip, is a certified African American, woman-owned business enterprise. Ms. Phillip began her career more than 25 years ago as a structural designer and later transitioned to urban and transportation planning, becoming a NEPA professional with an affinity for public outreach and communications. Ms. Phillip's skills include bringing together state and local stakeholders, politicians, agency officials, special interest groups and communities affected by projects in various phases of development. Ms. Phillip's work educates stakeholders, appointed and elected government officials, and communities on the impacts of engineering, transportation, and construction projects. Ms. Phillip's mission is to improve communities through planning and equitable engagement by bringing all voices into the

design and implementation of infrastructure projects. Ms. Phillip is a graduate of Howard University (BSCE) and the University of Maryland, College Park (M. Eng. in Construction Project Management).

DYLAN BEHLER, Member of the Maryland House of Delegates (Non-Voting), appointed September 17, 2025, by the Speaker of the House of Maryland. Mr. Behler serves in the Maryland General Assembly as the Delegate for District 30A, which mainly comprises the City of Annapolis and surrounding communities of Anne Arundel County. Prior to serving as delegate, Mr. Behler served as Chief of Staff to (now) Congresswoman Sarah Elfreth when she served as State Senator for District 30 and as the Legislative Director at the Maryland Department of Natural Resources. Mr. Behler also currently serves on the Board of the Anne Arundel County Library System and previously served as Chair of the Anne Arundel County Democratic Party. Mr. Behler was appointed by Governor Wes Moore in February 2025 to serve as Maryland State Delegate, becoming the youngest member of the General Assembly. In the House of Delegates, Mr. Behler serves on the Environment and Transportation Committee where he works on issues related to the restoration of the Chesapeake Bay, making housing more affordable, and ensuring that transportation needs are met across Maryland. Mr. Behler has a Bachelor of Arts degree in Political Science and Government from the University of Maryland.

VACANT (non-voting), Senate Member, to be appointed by the President of the Senate.

Officers

There are four officers of the Service: an Executive Director, a Deputy Director, a Treasurer and a Secretary. The Executive Director is appointed by the Governor, with the advice and consent of the Senate solely with regard to the qualifications for the duties of the office. The Executive Director serves at the pleasure of the Board of Directors with the concurrence of the Governor. The Deputy Director is appointed by the Executive Director with the approval of the Governor solely with regard to the qualifications for the duties of the office. The Deputy Director serves at the pleasure of the Executive Director. The Treasurer and the Secretary are selected by the Board of Directors from among the Board of Director's members and serve at the pleasure of the Board of Directors. Below are brief resumes of the four officers.

CHARLES GLASS, PH.D., P.E., Executive Director, appointed on June 22, 2020, by the Governor, with the advice and consent of the Senate. See resume of Dr. Glass above for additional information.

SANDRA HERTZ, Deputy Director, appointed July 30, 2025, by the Executive Director, with the approval of the Governor. Ms. Hertz has more than 30 years of experience in environmental planning and infrastructure resilience. Prior to the Service, Ms. Hertz launched and led the Maryland Department of Transportation's Office of Climate Change Resilience and Adaptation, developing statewide strategies for climate adaptation, greenhouse gas reduction, and extreme weather preparedness for multimodal transportation systems. Ms. Hertz has directed strategic priority initiatives in stormwater management, habitat restoration, and regulatory compliance, in collaboration with local, state, and federal agencies. Ms. Hertz has also served as a liaison between senior officials and legislative committees, effectively advancing environmental policy priorities. A graduate of Meade Senior High School, Ms. Hertz holds a Bachelor of Science in Biology from Towson University. Ms. Hertz serves as Chair of the National Cooperative Highway Research Program Project on Transportation Asset Risk and Resilience for the National Academies Transportation Research Board in Washington, D.C., is a member of the U.S. Department of Transportation Resilience Coalition, and is former Chair of the Critical Area Commission's Project Review Subcommittee and the former Vice-Chair of the American Association of State Highway and Transportation Officials Committee on Transportation System Security and Resilience.

SEAN L. COLEMAN, ESQ., Secretary, appointed July 24, 2025, by the Board of Directors. See resume of Mr. Coleman above for additional information.

BRENDON BAATZ, Treasurer, appointed July 27, 2023, and re-appointed July 24, 2025, by the Board of Directors. See resume of Mr. Baatz above for additional information.

Key Staff

TIM FORD, Managing Director, Environmental Operations. Mr. Ford has 40 years of solid waste experience. In addition to his current role at the Maryland Environmental Service, Mr. Ford has significant experience with private sector environmental service companies including, for example, 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 role as Managing Director, Mr. Ford is responsible for the Service's solid waste management operations including recycling and composting, landfill operations and engineering, power and steam plant operations, and environmental monitoring projects. Mr. Ford has a Bachelor of Science from the Pennsylvania State University and is active in the Mid-Atlantic Chapter of SWANA, previously serving as a Director, Chapter President and Past President.

CHARLES INGRAM, Division Chief, Project Management, Environmental Operations. Mr. Ingram has over 30 years of solid waste and construction experience within public and private sector entities. In his current role, Mr. Ingram is responsible for the Service's solid waste engineering, solid waste operations and environmental monitoring projects. Mr. Ingram holds a Bachelor of Science degree in Civil Engineering from Virginia Polytechnic Institute and State University along with membership in SWANA Mid-Atlantic Chapter and County Engineers Association of Maryland.

GARY LASAKO, Senior Project Manager, Environmental Operations. Mr. Lasako is a Senior Project Manager with over 15 years of experience working in the solid and hazardous waste industries. Mr. Lasako combines a strong technical background with a thorough understanding of the operational and business demands of industrial and commercial entities. Mr. Lasako has led a broad range of environmental, energy, and sustainability projects, including solid waste facility and cogeneration plant operations, contaminated site investigations, brownfield redevelopment, environmental due diligence and property divestment studies, and beneficial reuse analyses. Mr. Lasako currently serves as operations support for solid waste and energy projects, providing management-level planning, direction, and organization of all relevant tasks related to the projects. Mr. Lasako frequently interacts with local, state, and federal regulatory agencies, as well as client counsel. Mr. Lasako has a Master of Science Degree in Geoenvironmental Studies from Shippensburg University.

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 Midshore 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 Bachelor of Science Degree in Environmental Science from University of Maryland in 2004.

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III. MIDSHORE II LANDFILL

General

Each of the Midshore 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 “Midshore I Landfill”), opened in 1991 and closed on December 31, 2010. The Midshore I Landfill has been succeeded by the Midshore II Landfill located in Caroline County, which opened in 2011 and which has a projected operating life until approximately 2042.

The Midshore II Landfill is located approximately two miles east of the town of Ridgely in Caroline County, Maryland. The Midshore 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 Midshore 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 previously 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 Midshore II Landfill. Sanitary waste disposal activities ceased at the Holly Road Landfill in 1991 when the Midshore I Landfill opened in Talbot County. The Midshore II Landfill currently consists of three constructed cells (Cell #2, Cell #3 and Cell #4) but upon completion of the Project (Cell #5 and Cell #1), there will be five total cells. The capacity of the five completed cells is expected to be able to accommodate the permitted tonnage of 4.68 million tons of waste. With all five cells constructed, it is projected that the remaining useful life will continue until approximately 2042.

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 Midshore 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 (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 Midshore 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. In February 2023, MDE approved mining plans for the property authorizing 1,362,994 cubic yards of borrow. The Service initiated surface mining operations shortly thereafter and uses excavated materials for both landfill cover soil and, when meeting project specifications, select fill for landfill construction projects.

River Road Improvements

The primary entrance to the Midshore 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 Midshore 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 Midshore II Landfill.

2025 Project

The Service will use the proceeds of the Series 2025 Bonds to finance the costs of the planning, design, construction, equipping and operation of the fourth cell (“Cell #5”) and the fifth cell (“Cell #1”) of the Midshore II Landfill.

Remaining Life

The estimated remaining useful life of the Midshore II Landfill is approximately 17 years, which extends to approximately 2042. The approximate remaining useful life assumes that an average of 173,655 tons per year will be disposed at Midshore II Landfill over its remaining life.

Relationship with the Midshore 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 Midshore Regional Landfill (“Midshore 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 Midshore 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 Midshore 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 Midshore 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 (Midshore Regional Landfill Project), Series 1990 (the “1990 Bonds”), to finance a portion of the construction of the Midshore 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 Midshore 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 Midshore 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 Midshore I Landfill, including any debt service, the Prior Service Agreements required the Midshore Counties to pay to the Service a supplemental fee to make up the difference. The Midshore Counties never paid a supplemental fee under the Prior Service Agreements.

The Midshore 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 Midshore I Landfill. Since that time the Service incurred additional debt to fund the construction of additional landfill cells. All such additional indebtedness incurred for the Midshore I Landfill has been paid in full.

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

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

The Midshore I Landfill service period termination date was December 31, 2010. At that time the Midshore I Landfill ceased commercial operation and no longer accepts waste for final disposal. Pursuant to an agreement with the MDE, the Service placed the Midshore 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. Monitoring of landfill gas, groundwater, leachate and other environmental media will continue during the post-closure monitoring period. All landfill gas extraction and destruction equipment, 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 Prior Service Agreements expired on March 1, 2011.

In 2009, the Service and each of the Midshore Counties entered into new Service Agreements under which the Midshore Counties made binding, long-term commitments to the Service for the disposal of solid waste generated within the boundaries of the Midshore Counties. See “THE BONDS – Service Agreements” and “Summary of Certain Provisions of the Service Agreements and Service Agreement Definitions” in Appendix C-1.

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. 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 Midshore 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 Midshore II Landfill. The Talbot Transfer Station, located in Easton, Maryland, also includes the operation of the Home Owner Drop Off at the Midshore 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 Midshore II Landfill for ultimate disposal or recycling. Approximately 40,000 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 was renewed on December 18, 2020, for an additional ten years. The IGA will expire on December 31, 2030.

Technology

The Midshore 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 CFR 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. Existing constructed cells, including Cell #4 (completed in 2010), Cell #2 (completed in 2014), and Cell #3 (completed in 2020), were designed and constructed incorporating a double liner system that consists 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

The design and construction of Cell #1 and Cell #5 will also incorporate a double liner system consisting of the same components.

At the Midshore II Landfill, leachate is collected and removed from the landfill cells by means of gravity flow in the leachate collection system into a wet well. Wet well pumps transfer the collected leachate into a 500,000 gallon leachate storage tank. Leachate is then pumped from the storage tank into tanker trucks and transported to the Midshore I Landfill located in Easton, Maryland. At the Midshore I Landfill, the leachate from the tanker trucks is discharged into the Midshore I Landfill covered leachate storage lagoons until it is discharged to the Easton Utilities Commission Wastewater Treatment Plant, under an Industrial Pretreatment Discharge Permit.

Permanent erosion and sediment control (E&S) measures were implemented at Midshore II Landfill, and routine maintenance is performed to assure system effectiveness 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. Post-closure 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 have also been implemented at the Midshore II Landfill.

Waste Stream Analysis

General

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

Primary Market Area

Only solid waste generated within the geographic boundaries of the Midshore Counties is accepted at the Midshore II Landfill for disposal, unless otherwise agreed upon by the Midshore Counties and the Service, in accordance with conditions under the Service Agreements. Computerized scale facilities record all incoming solid waste. The weighmaster inquires about the point(s) of origin and type(s) of solid waste to be accepted for disposal, and limits access to the active disposal area (e.g., landfill working face). Random waste load inspections are routinely conducted by the Service personnel at the Midshore II Landfill working face. These operational controls and incoming waste monitoring allow the Service to identify waste originating outside of the Midshore Counties' geographic boundaries. To date, records indicate that no waste has been intentionally accepted from any source

outside the Midshore Counties at the Midshore II Landfill, with the exception of (i) 1,970 tons of sewage sludge accepted from the City of Salisbury between April 19, 2022 and April 5, 2023, and (ii) 435 tons of eggs from a Cecil County poultry operation impacted by Highly Pathogenic Avian Influenza (HPAI) in 2022. Both exceptions were approved by the Midshore Counties.

Solid Waste Types

The Midshore 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 Midshore II Landfill. Effective January 1, 1994, Maryland State Law prohibits the disposal of tires in landfills. All tires received at Midshore 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 Midshore II Landfill. Yard waste and brush is directed to a wood process area, currently located in the unconstructed area of Cell #5 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 Midshore 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 Midshore II Landfill life. This number was developed by the United States Environmental Protection Agency at the time of the initial planning of the Midshore 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 Midshore Counties were used to determine the total cumulative solid waste quantities anticipated over the life of the Midshore II Landfill. In addition to population and PCD generation rate, the quantity of solid waste generated in the Midshore Counties is dependent upon a variety of factors, which includes the status of the national and regional economy.

The Midshore II Landfill, under its existing Refusal Disposal Permit, has a total permitted air space capacity of 7,800,000 cubic yards. As of December 23, 2024, the Midshore II Landfill has consumed 3,156,323 cubic yards of airspace, or 40% of its permitted capacity, and has 1,885,146 tons of waste-in-place.

Recycling

The individual Midshore Counties previously managed their recyclable materials through the Midshore Regional Recycling Program (MRRP). Since July 1, 2012, in accordance with an Intergovernmental Agreement for Recycling Management Services by and between the Service and each of the Midshore Counties, as amended to date, the Service has been responsible for the collection, removal, consolidation, transportation and marketing of recyclable commodities throughout the Midshore Counties, primarily via a voluntary drop-off program. Recycling containers are located at various locations throughout the Midshore Counties and citizens make their own arrangement to dispose of recyclable material in these containers, which containers are then picked up by the Service. The Service’s recycling activities are supported by (i) a recycling surcharge added to the Tipping Fee for solid waste and collected by the Service (the “Solid Waste Recycling Surcharge”) and (ii) a recycling surcharge added to the Tipping Fee for yard waste and collected by the Service (the “Yard Waste Recycling Surcharge” and together with the Solid Waste Recycling Surcharge, the “Recycling Surcharge”). The Solid Waste Recycling Surcharge is currently \$5.25 per ton of incoming solid waste and the Yard Waste Recycling Surcharge is currently \$2.75 per ton of incoming yard waste. The Recycling Surcharge as well as all revenues derived from the marketing of recyclable commodities are credited to the “Recycling Surcharge Fund” to be utilized by the Service solely to fund recycling management services. **The Recycling Surcharge and other revenues derived from the marketing of recyclable commodities are not included in Landfill Revenues and are not pledged to the repayment of the Series 2025 Bonds.**

The Environmental Article, Title 9, Subtitle 5 of the Annotated Code of Maryland, as amended, requires that the Midshore Counties recycle a minimum of 20 percent of all solid waste generated. All counties in the State are required to recycle at a minimum of 20 percent of solid waste for counties with populations less than 150,000

and 35 percent for counties with populations greater than 150,000. Recyclables, white goods, tires, scrap metal and brush are not placed into the Midshore II Landfill disposal cells

Tonnage and Tipping Fee History

The revenue producing solid waste accepted at the Midshore II Landfill ranged from 131,298 tons to 147,334 tons per year over the past 5 fiscal years. In fiscal year 2024, 139,912 tons or 95% of the tonnage was delivered by private or public haulers and 7,422 tons or 5% of the tonnage was delivered directly by the Midshore Counties. From the 7,422 tons delivered by the Midshore Counties, Caroline County delivered 907 tons (12%), Kent County delivered 1,877 tons (25%), Queen Anne's County delivered 4,638 tons (63%) and Talbot County delivered 0 tons (0%). These tonnage amounts represent what was delivered and paid for directly by the respective Midshore Counties and do not represent how much waste was actually disposed of by residents of that Midshore County or determine the percentage owed by each Midshore County should a Supplemental Fee be required.

The Service estimates that of the 147,334 tons of revenue producing waste accepted in fiscal year 2024 at the Midshore II Landfill, approximately 27% was generated within Caroline County, 14% within Kent County, 22% within Queen Anne's County, and 37% 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 revenue producing solid waste accepted for the Midshore II Landfill for fiscal year 2025 was 148,504 tons.

The Service also receives a certain amount of tonnage each year at the Midshore II Landfill that is not subject to Tipping Fees and, therefore, does not produce revenues. Such solid waste and yard waste is handled and disposed of the same as the revenue producing waste. This non-revenue producing waste includes solid waste and brush received at the Holly Road Homeowner Drop-Off Facility, as well as materials that are accepted at no charge and repurposed for landfill operations which, include, for example, clean cover soil received from local construction projects, clean rubble used as road base, and mulch used landfill road access.

The following chart shows the revenue producing solid waste disposal trends for the Midshore II Landfill for the past six fiscal years.

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

Fiscal Year	Total Solid Waste Tonnage*
2020	131,298
2021	135,201
2022	134,529
2023	146,767
2024	147,334
2025	148,504

Source: Maryland Environmental Service Environmental Operations Division.

* These figures include solid waste received from the Talbot Transfer Station.

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The following chart shows the non-revenue producing waste (solid and yard) disposal trends for the Midshore II Landfill for the past six fiscal years.

Historical Quantity of Non-Revenue Producing Waste

(tons)

(Fiscal Year Ended June 30)

Fiscal Year	Total Waste Tonnage*
2020	6,595
2021	23,781**
2022	5,612
2023	5,018
2024	5,644
2025	6,247

Source: Maryland Environmental Service Environmental Operations Division.

* These figures include both solid waste and yard waste accepted at the Midshore II Landfill at no charge. Non-revenue producing waste sources include waste discarded by Midshore residents at the Holly Road Homeowners Drop-Off Facility, as well as clean soil and clean rubble that is repurposed for use at the Midshore II Landfill; for example, as cover soil or access road material.

** Additional tonnage attributed to installation of horizontal gas collection piping loop.

The following chart shows the yard waste disposal trends for the Midshore II Landfill for the past six fiscal years.

Historical Quantity of Yard Waste

(tons)

(Fiscal Year Ended June 30)

Fiscal Year	Total Yard Waste Tonnage*
2020	3,239
2021	5,610
2022	6,026
2023	5,340
2024	6,405
2025	5,214

* These figures include yard waste received from the Talbot Transfer Station.

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 fiscal years 2020 through 2026.

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

<u>Fiscal Year</u>	<u>MSW</u>	<u>Recycling Surcharge</u>	<u>YW</u>	<u>Recycling Surcharge</u>
2020	\$67.00	\$5.00	\$42.00	\$2.50
2021	67.00	5.00	42.00	2.50
2022	67.00	4.00	42.00	2.50
2023	69.50	5.00	44.50	2.50
2024	69.50	5.00	44.50	2.50
2025	70.00	5.25	45.00	2.75
2026	71.50	5.00	46.50	2.50

Source: Maryland Environmental Service Environmental Operations Division.

Caroline County Host Fee

The following chart shows the quarterly Host Fees paid to Caroline County since its inception on July 1, 2024:

Quarterly Host Fees

<u>Quarter Ending</u>	<u>Fees Paid</u>
September 2024	\$119,948
December 2024	104,833
March 2025	94,597
June 2025	126,132

Source: Maryland Environmental Service Environmental Operations Division.

Landfill Construction-Related Permits and Approvals

The design concept for Midshore 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, MDE, or other regulatory agencies. Adaptations to the design of future disposal cells ensure that the Midshore II Landfill requirements are periodically updated to meet current "Best Available Technology" standards. However, 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.

Solid waste disposal facilities are required to be designed, constructed and operated in accordance with applicable regulations, codes, standards and laws. The original construction of the Midshore 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

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 Midshore II Landfill on February 3, 2009, (Refuse Disposal Permit No. 2005-WMF-0608). This permit was initially in effect through February 2, 2014, and has since been renewed multiple times. MDE issued the current permit, Refuse Disposal Permit No. 2023-WMF-0608, with an effective date of May 14, 2024, and an expiration date of May 13, 2029.

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 Midshore 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. Compliance with this permit includes wetland mitigation as well as stream mitigation projects. The Ackerman Farm will be used for wetland mitigation and a portion of the stream mitigation for the Midshore II Landfill.

Construction and planting of the stream and wetland mitigation site was completed in June 2021, prior to the permit expiration date of June 30, 2021. Mitigation as-builts were submitted to MDE in August 2021. The nontidal wetland mitigation is required to be monitored for a five-year period following the completion of construction. Per the monitoring plan approved by MDE in November 2021, wetland monitoring and submittal of an annual report is required. The most recent Ackerman Farm Non-Tidal Wetland Mitigation Report was submitted to MDE in December 2024.

Erosion and Sediment Control Permit - MDE

Erosion and sediment control for the ongoing operations of the Midshore 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 Midshore II Landfill site was first issued by MDE on September 29, 2010. It has subsequently been modified and extended multiple times. The most recent iteration, Modification #5 to MDE Permit No. 10-SF-0431 was granted by MDE on August 21, 2023, and is effective until August 20, 2026. Sediment and Erosion Control plans for Operational stages 3-5 were submitted on September 19, 2019, and are awaiting MDE approval. An Erosion and Sediment Control Permit for the construction of Cell #3 was issued by MDE on July 13, 2018, and remained effective until completion of Cell #3 construction, which occurred in January 2020.

Forest Conservation Plan – DNR

In order to mitigate the timbering of the Midshore 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 Midshore 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 Midshore 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 Midshore II Landfill site. MDE also approved an NOI to discharge stormwater in connection with the construction of Cell #3.

The Midshore II Landfill was also covered by the 12-SW Permit for Discharges of Stormwater Associated with Industrial Activity, which expired on December 31, 2018. Coverage under this permit was administratively extended by MDE until a new discharge permit, 20-SW, was issued by MDE with an effective date of February 1, 2023. MES has since obtained coverage for the Midshore II Landfill under this General Permit (Registration No. 20SW2163), which is effective through January 31, 2028.

Water Appropriation Permit – MDE

A Water Appropriation Permit was issued by MDE on March 1, 2010, for the withdrawal of 4,400 gallons per day on a yearly average and a maximum daily withdrawal of 8,000 gallons of water from the two stormwater ponds located on the Midshore II Landfill site. This water is to be utilized for dust control within the landfill site. The permit was renewed in 2022 (Permit No. CO2010S002(02)) and has an expiration date of April 30, 2034.

Additional Permits

A Discharge Service Agreement with Easton Utilities Commission, which went into effect on October 23, 2009, allows for the ultimate discharge of leachate originating from the Midshore II Landfill. Leachate generated from Midshore II Landfill is transported by tanker to the Midshore I Landfill in Easton where it is then discharged to the Easton Utilities Commission Wastewater Treatment facility adjacent to Midshore I Landfill. The current Industrial Wastewater Discharge Permit (No. 22-03499) issued by Easton Utilities Commission is in effect through December 31, 2026.

2025 Project Permits

MDE has approved Construction Drawings, Technical Specifications, and Construction Quality Assurance plans for Cell #5. MDE has also issued coverage under the 20-CP General Permit for Stormwater Discharges under Construction Activity for Cell #5 and is reviewing a proposed modification to the existing operations Erosion & Sediment Control Permit (10-SF-0431) to include the new leachate storage tank area. MES will submit Construction Drawings, Technical Specifications, and Construction Quality Assurance plans for Cell #1 to MDE prior to construction. An Erosion and Sediment Control Permit for the construction of Cell #1 will be obtained prior to construction. Additionally, approval of the enlargement to Stormwater Pond #1 will be sought from MDE Stormwater, Dam Safety, and Flood Management.

Solid Waste Disposal Laws & Regulations

The Midshore 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 Midshore 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 Midshore II Landfill. The Service has adopted rules governing the safe and proper utilization of the Midshore II Landfill by individuals who come onto the landfill property.

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

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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 Midshore II Landfill assets, of the types and in the amounts it, in consultation with the State Treasurer, deems prudent and reasonable.

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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 fiscal years for which audits have been completed. These funds of the Service are not pledged towards, and are not available to make any payments on, the Series 2025 Bonds. The Midshore II Regional Landfill project financial results are reported separately. See “FINANCIAL INFORMATION – Financial Information – Midshore II Regional Landfill.”

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

	2020	2021	2022	2023	2024	(Unaudited) 2025
Total Operating Revenues ⁽¹⁾	\$182,221	\$186,529	\$166,474	\$198,872	\$215,065	\$222,571
Operating Expenses ⁽²⁾						
Salaries and benefits	55,801	56,018	58,645	65,575	74,308	76,011
Other.....	109,418	113,479	95,886	120,150	131,264	137,046
General and administrative.....	16,381	16,992	13,071	12,849	13,446	13,398
Total Operating Expenses	<u>181,600</u>	<u>186,489</u>	<u>167,602</u>	<u>198,674</u>	<u>219,018</u>	<u>226,455</u>
Operating Income	621	40	(1,128)*	198	(3,953)**	(3,884)
Nonoperating Revenue (expenses), net	106	(40)	70	419	4,627	5,110
Change in Net Position.....	727	-	(1,058)	617	674	1,226
Net Position, Beginning of Year..	29,757	30,484	30,484	29,426	30,043	30,717
Net Position, End of Year	<u>\$30,484</u>	<u>\$30,484</u>	<u>\$29,426</u>	<u>\$30,043</u>	<u>\$30,717</u>	<u>\$31,943</u>

(1) Includes revenues generated from the Midshore Regional Recycling Program (MRRP), including the Recycling Surcharge.

(2) Includes expenses in connection with the Midshore Regional Recycling Program (MRRP).

* The negative Operating Income is mainly due to a one-time lump sum payment to certain employees of the Service.

** The negative Operating Income is the result of the reclassification of grants from “Total Operating Revenues” to “Nonoperating Revenue (expenses), net.”

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2020-2024. Maryland Environmental Service Office of Finance for fiscal year 2025.

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The following chart shows the net assets of the Service for the past five completed fiscal years. The Midshore II Regional Landfill project assets are reported separately. See “FINANCIAL INFORMATION – Financial Information – Midshore II Regional Landfill.”

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

	2020	2021	2022	2023	2024	(Unaudited) 2025
Assets						
Current and other assets	\$81,987	\$83,874	\$93,263	\$117,904	\$115,895	\$126,553
Capital assets	17,753	16,249	19,082	19,632	18,714	18,109
Total Assets.....	99,740	100,123	112,345	137,536	134,609	144,662
Deferred outflows related to Pensions and OPEB	1,374	1,190	2,186	1,155	1,420	1,554
Liabilities						
Current and long-term debt and capital leases	1,827	1,359	5,192	5,142	3,977	2,254
Other liabilities*	67,307	67,356	76,741	101,894	99,065	109,835
Total Liabilities.....	69,134	68,715	81,933	107,036	103,042	112,089
Deferred inflows related to Pensions and OPEB	1,496	2,114	3,172	1,612	2,270	2,184
Net Position						
Net investment in capital assets	15,926	14,891	13,902	14,490	14,737	15,066
Restricted net position.....	122	122	124	124	126	219
Unrestricted net position	14,436	15,471	15,400	15,429	15,854	16,658
Total Net Position.....	<u>\$30,484</u>	<u>\$30,484</u>	<u>\$29,426</u>	<u>\$30,043</u>	<u>\$30,717</u>	<u>\$31,943</u>

* Includes any net profit from the Midshore Regional Recycling Program (MRRP), which is held for the use and benefit of the Midshore Counties. Such funds are held in a separate reserve fund and may be transferred or paid to the Midshore Counties upon request. Until such transfer or payment, these funds are shown as a liability on the Service’s financial statements.

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2020-2024. Maryland Environmental Service Office of Finance for fiscal year 2025.

Financial Information – Midshore II Regional Landfill

The Midshore II Regional Landfill project assets are reported separately. The purpose of the fund is to establish and account for the operations of the Midshore 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 Midshore 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. The Recycling Surcharge and other revenues derived from the marketing of recyclable commodities are reported in a separate fund and, except as noted below, are not reflected in the financial statements of the Midshore II Landfill.

The following chart shows the change in net assets for the Midshore II Regional Landfill for the past five completed fiscal years.

Midshore II Regional Landfill Financial Results
Changes in Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2020	2021	2022	2023	2024	(Unaudited) 2025
Total Operating Revenue	\$8,392	\$8,653	\$8,840	\$9,781	\$9,842	\$10,030
Operating Expenses						
Salaries and benefits	1,780	1,766	1,723	2,039	2,073	2,211
Other	5,115	4,956	6,242*	7,684*	5,433	5,515
General and administrative	504	561	515	583	575	620
Total Operating Expenses	7,399	7,283	8,480	10,306	8,081	8,346
Operating Income	993	1,370	360	(525)	1,791	1,684
Nonoperating Revenue (expenses), net	(725)	(805)	(561)	33	542	515
Change in Net Position	268	565	(201)	(492)	2,333	2,199
Net Position, Beginning of Year..	13,951	14,219	14,784	14,583	14,091	16,424
Net Position, End of Year	<u>\$14,219</u>	<u>\$14,784</u>	<u>\$14,583</u>	<u>\$14,091</u>	<u>\$16,424</u>	<u>\$18,623</u>

* The increase in Other Operating Expenses relates to increases in closure and post-closure related accruals.

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2020-2024. Maryland Environmental Service Office of Finance for fiscal year 2025.

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The following chart shows the net assets of the Midshore II Regional Landfill for the past five completed fiscal years.

Midshore II Regional Landfill Financial Results
Net Position
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	2020	2021	2022	2023	2024	(Unaudited) 2025
Assets						
Current and other assets	\$15,869	\$16,190	\$16,892	\$19,502	\$21,734	\$22,212
Capital assets	31,253	30,510	29,308	27,244	26,857	27,138
Total Assets.....	47,122	46,700	46,200	46,746	48,591	49,350
Liabilities						
Current and long-term debt and capital assets	24,963	23,208	21,326	19,363	17,298	16,317
Other liabilities	7,940	8,493	10,099*	13,123*	14,735*	14,310
Total Liabilities.....	32,903	31,701	31,425	32,486	32,033	30,627
Deferred inflows related to debt refunding	0	215	192	169	134	100
Net Position						
Net investment in capital assets	8,068	7,866	8,603	7,898	9,438	10,736
Restricted net position	1,629	1,630	1,738	1,804	1,891	1,382
Unrestricted net position	4,522	5,288	4,242	4,389	5,095	6,505
Total Net Position	\$14,219	\$14,784	\$14,583	\$14,091	\$16,424	\$18,623

* The increase in Other Liabilities relates to increases in closure and post-closure related accruals.

Source: Maryland Environmental Service Audited Financial Statements for fiscal years 2020-2024. Maryland Environmental Service Office of Finance for fiscal year 2025.

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The following table compares the actual results for the Midshore II Regional Landfill from fiscal year 2024, the budgeted and forecasted revenues and expenses for fiscal year 2025 and the budgeted revenues for fiscal year 2026.

Midshore II Regional Landfill
Fiscal Year 2024 Actual Financial Results
Fiscal Year 2025 Budget and Actual (Unaudited)
Fiscal Year 2026 Budget
(Fiscal Years Ending June 30)
(Expressed in Thousands)

	Actual	Budget	Actual	Budget
	2024	2025	(Unaudited)	2026
	2025		2025	
Operating Revenues	\$9,842	\$9,466	\$10,030	\$9,788
Operating Expenses				
Salaries and related costs	2,073	2,510	2,211	2,583
Technical and special fees*	67	226	518	486
Communications	47	13	13	12
Travel	5	1	10	1
Supplies and materials	278	143	205	149
Utilities	47	69	42	76
Motor vehicles O&M	711	636	636	668
Contractual services	749	626	577	714
Fixed charges	2,956	3,473	3,409	3,570
Closure and postclosure cost	1,124	1,172	701	853
Data processing	<u>24</u>	<u>16</u>	<u>24</u>	<u>16</u>
Total Operating Expenses	8,081	8,885	8,346	9,128
Operating Income	1,761	581	1,684	660

* Includes the Caroline County Host Fee.

Source: Maryland Environmental Service Office of Finance.

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The following chart shows the fund balances of the Midshore II Regional Landfill as of June 30 of the past five fiscal years.

**Midshore II Regional Landfill
Fund Balances
(Fiscal Year Ended June 30)
(Expressed in Thousands)**

	2020	2021	2022	2023	2024	(Unaudited) 2025
Operating Accounts*	\$11,873	\$12,317	\$13,021	\$15,915	\$18,065	\$18,459
Construction Funds	607	621	621	17	14	15
Midshore I Easton Liability Fund	835	835	836	864	910	953
Midshore I Closure Fund	795	795	795	820	861	900
Midshore Interest Fund	189	127	125	120	120	115
Midshore Principal Fund	981	959	991	1,059	1,156	1,252
Total Fund Balances	\$15,280	\$15,654	\$16,389	\$18,795	\$21,126	\$21,694

* Includes funds allocated to the "Operating Fund" required under the Indenture.
Source: Maryland Environmental Service Office of Finance.

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Debt Service Coverage Ratios

The debt service coverage ratio for the Midshore II Regional Landfill 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 “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively.

Pursuant to the Service Agreements, the Prior Service Agreements, and applicable law, following closure of the Midshore I Landfill, the Service is obligated to conduct post-closure monitoring and maintenance. Since the Midshore I Landfill opened in 1991, the Service has allocated a portion of the Landfill Revenues to be reserved for the costs of closing the Midshore 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 “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively.

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

**Midshore II 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	Closure/Post-Closure	Net Income Available for Debt Service ⁽¹⁾	Bond Debt Service ⁽²⁾	Coverage Ratio Excluding Closure/Post-Closure ⁽⁴⁾
2025*	\$10,030	\$8,346	\$1,684	\$846	\$2,746	\$701	\$5,977	\$2,492	2.40
2024	9,842	8,081	1,761	961	2,381	1,124	6,227	2,492	2.50
2023	9,781	10,306	(525)	554	2,264	3,611	5,904	2,492	2.37
2022	8,840	8,480	360	21	2,180	1,579	4,140	2,490	1.66
2021	8,653	7,283	1,370	6	1,915	1,026	4,317	1,547 ⁽³⁾	1.23
2020	8,392	7,399	993	188	1,147	1,336	3,664	2,590	1.41
2019	8,679	5,678	3,001	326	722	1,273	5,322	2,745	1.94
2018	7,901	4,832	3,069	73	637	917	4,696	1,914	2.45
2017	6,878	4,449	2,429	17	605	675	3,726	1,913	1.95
2016	6,244	7,258	(1,014)	13	692	2,732	2,423	1,911	1.27

* 2025 unaudited.

(1) As defined in the Trust Indenture. See “Indenture” and “Form of Fourth Supplemental Indenture” in Appendix D-1 and Appendix D-2, respectively.

(2) Debt service includes debt service obligations for the Bonds and the Series 2011A Bonds.

(3) Reflects debt service savings from the refunding of the Series 2011 Bonds by the issuance of the Series 2020 Bonds. As a result of the refunding, the Service did not pay any debt service on Series 2011 Bonds in Fiscal Year 2021 and the debt service obligation includes only the interest payment on the Series 2020 Bonds.

(4) 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 Midshore II Regional Landfill. See table “Midshore II Regional Landfill 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.

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 Midshore 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 2011A Bonds, the Series 2014, the Series 2018 Bonds and the Series 2020 Bonds on the immediately succeeding November 1, (ii) the principal and interest due on the Series 2025 Bonds on November 1 of such year and on the immediately succeeding May 1 and (iii) the total Debt Service Requirements of the Series 2025 Bonds.

Fiscal Year	Outstanding Debt Service Requirements	Series 2025 Bonds		
		Principal	Interest	Total
2026	\$2,497,587			
2027	2,496,562			
2028	2,497,312			
2029	2,499,637			
2030	2,504,311			
2031	2,500,339			
2032				
2033				
2034				
2035				
2036				
Total	<u>\$14,995,746</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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Future Capital Needs

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

	<u>Useful Life</u>	<u>Estimated Cost</u>
Landfill Compactor	7 years	\$1,300,000
Landfill Dozers	7 years	700,000
Wheel Loader	7 years	375,000
Excavator	7 years	<u>400,000</u>
Total		\$2,775,000

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 (a) the transactions contemplated by, or the validity or enforceability of, the Series 2025 Bonds, the Trust Indenture, or the Service Agreements (including the payment and collection of Landfill Revenues, as set forth therein) or (b) the tax-exempt status of the interest on the Series 2025 Bonds. No litigation is pending in any court seeking to restrain or enjoin (i) the authorization, issuance or delivery of the Series 2025 Bonds, (ii) contesting the authority or proceedings for the authorization or issuance of the Series 2025 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

S&P Global Ratings has assigned a rating of “AA” to the Series 2025 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 2025 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 2025 Bonds.

Continuing Disclosure Undertaking

In connection with the issuance of the Series 2025 Bonds, the Service will undertake for the benefit of the owners (including beneficial owners) of such Series 2025 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 2025 Bonds, a Continuing Disclosure Agreement (the “Service Continuing Disclosure Agreement”), the form of which is attached as Appendix E. Each Midshore County agrees to execute and deliver, on or before the date of issuance and delivery of the Series 2025 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 Midshore Counties is attached as Appendix F.

In connection with the issuance of 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 utilizes the services of DAC on an ongoing basis to assist with filings and notices to ensure compliance with its ongoing disclosure requirements. During the past five (5) years, the Service has made all required filings under its existing continuing disclosure agreement executed in connection with the issuance of the Series 2018 Bonds and the Series 2020 Bonds.

During the past five (5) years, each of 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 and Series 2020 Bonds. During the past five (5) years, Queen Anne’s County has timely filed its annual audited financial statements for 2020, 2021, 2023 and 2024 required to be filed under its respective continuing disclosure agreement executed in connection with the Service’s Series 2018 Bonds and Series 2020 Bonds. Queen Anne’s County’s audited financial statements for 2022 were filed late, however, the County did file its unaudited financial statements and a voluntary notice of late filing.

From time to time, certain of the Midshore Counties have voluntarily individually filed updates of some or all of the information contained in Appendix A to the respective Official Statements for the Series 2018 Bonds or the Series 2020 Bonds with respect to such Midshore Counties. The continuing disclosure undertakings entered into by the Midshore Counties with respect to the Series 2018 Bonds and the Series 2020 Bonds do not require the Midshore Counties to annually update and file their respective Appendix A information, and the continuing disclosure undertakings to be entered into by the Midshore Counties with respect to the Series 2025 Bonds only

require that the Midshore Counties respectively file their annual audited financial statements or, if unavailable within the required time period, unaudited annual financial statements, commencing with the audited financial statements for the fiscal year ended June 30, 2025.

Sale at Competitive Bidding

The Series 2025 Bonds were offered by the Service at a competitive bidding on October 1, 2025, 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 2025 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 2025 Bonds established on the date the Series 2025 Bonds were competitively bid. Additional information concerning the terms of offerings of the Series 2025 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

Saul Ewing LLP, Baltimore, Maryland, is acting as Bond Counsel in connection with the issuance of the Series 2025 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 2025 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 2025 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 2025 Bonds from, or base any investment decisions upon, the fact that the Financial Advisor has advised the Service with respect to the Series 2025 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.

Legality of the Series 2025 Bonds for Investment and Deposit

The Act provides that the Series 2025 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 2025 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 Executive Director of the Service has been duly authorized by the Service.

MARYLAND ENVIRONMENTAL SERVICE

By: /s/ Charles C. Glass, Ph.D., P.E.

Name: Charles C. Glass, Ph.D., P.E.

Title: Executive 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 2023 population of 4,879. 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 33,066, which represents an increase of about 11% since 2000. The 2023 census population estimate is 33,593 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. Any references in this Official Statement to the County's website are provided for convenience only. The information on the County's website is not incorporated into this Official Statement by reference or otherwise unless otherwise expressly provided herein. Audited financial statements and budget documents can be found at this website, and such documents speak only as of their respective dates. 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, and such documents speak only as of their respective dates. 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 revenue is taxes, 42% of which are derived from ad valorem property taxes. The second and third largest sources of

APPENDIX A

revenue are revenues received from income taxes and revenue from intergovernmental revenue, which comprised approximately 35% and 9%, respectively, of total tax revenues in fiscal year 2024.

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				
	2024	2023	2022	2021	2020
Revenues					
Taxes	\$61,231,672	\$56,182,464	\$53,473,280	\$53,836,522	\$46,520,463
Licenses & Permits	230,291	184,860	209,351	231,234	145,949
Intergovernmental Revenues	7,473,869	6,775,672	6,464,316	5,806,376	5,515,083
Charges for Services	1,269,287	1,169,967	1,143,732	1,025,129	853,015
Miscellaneous.....	<u>2,524,562</u>	<u>1,306,795</u>	<u>159,106</u>	<u>84,246</u>	<u>341,825</u>
Total Revenues.....	\$72,729,681	\$65,619,758	\$61,449,785	\$60,983,507	\$53,376,335
Expenditures					
General Government	7,500,482	8,390,272	6,244,364	5,859,000	5,758,662
Public Safety	22,877,543	21,478,341	18,022,756	16,688,925	15,705,750
Public Works.....	4,598,086	4,079,921	3,728,014	3,675,779	3,594,808
Health	616,407	488,014	514,130	476,492	514,162
Social Services	448,142	400,093	318,707	291,136	272,676
Primary Education.....	16,081,000	16,081,000	15,965,381	15,575,972	15,220,217
Secondary Education.....	1,813,368	1,706,014	1,770,968	1,770,779	1,802,849
Public Library	1,359,048	1,308,728	1,258,728	1,258,728	1,233,728
Recreation & Parks	1,161,071	1,248,930	1,058,899	972,452	1,023,267
Arts	6,500	6,500	5,000	5,000	5,000
Conservation of Natural Resources	219,674	169,572	154,225	151,304	147,259
Economic Development.....	15,000	15,000	105,842	105,842	108,842
Contingency	347,170	364,913	392,031	191,625	215,157
Debt Service:					
Principal	2,561,629	2,571,549	3,336,467	2,706,389	18,132,948
Interest and fiscal charges	<u>1,235,990</u>	<u>1,354,762</u>	<u>1,516,193</u>	<u>1,641,385</u>	<u>938,465</u>
Total Expenditures	\$60,841,110	\$59,663,609	\$54,391,705	51,370,808	\$64,673,790
Excess of Revenues Over Expenditures	11,888,571	5,956,149	7,058,080	9,612,699	(11,297,455)
Other Financing Sources (Uses):					
Transfers in / (out)	(3,095,387)	(2,176,077)	(2,850,022)	(2,696,529)	13,807,562
Total Other Financing Sources			77,771		
Net change in Fund Balances.....	8,793,184	3,780,072	4,285,829	6,916,170	2,510,107
Fund Balance, Beginning.....	28,657,782	24,879,924	20,517,181	13,520,891	11,166,305
Change in reserve for materials and supplies	<u>22,311</u>	<u>(2,214)</u>	<u>76,914</u>	<u>80,120</u>	<u>(155,521)</u>
Fund Balances, Ending	<u>\$37,473,277</u>	<u>\$28,657,782</u>	<u>\$24,879,924</u>	<u>\$20,517,181</u>	<u>\$13,520,891</u>

Source: Caroline County Office of Finance.

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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 \$364,758,292 for fiscal year 2024, 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					
	2024	2023	2022	2021	2020
Assessable Base					
Real Property	\$3,036,683,308	\$2,873,266,770	\$2,763,453,251	\$2,665,246,161	\$2,589,584,756
Personal Property:					
Individual	0	0	0	0	0
Railroad and Public Utility	90,052,970	88,884,783	81,799,460	78,097,870	73,388,430
Business Corporations	0	0	0	0	0
Total Property	<u>\$3,126,736,278</u>	<u>\$2,962,151,553</u>	<u>\$2,845,252,711</u>	<u>\$2,743,344,031</u>	<u>\$2,662,973,186</u>

Source: Caroline County Finance Office.

County real property tax rates for fiscal years 2020 through 2024 are shown in the following table:

Property Tax Rates (Per \$100 of Assessed Value)					
	2024	2023	2022	2021	2020
Unincorporated Areas	\$0.98	\$0.98	\$0.98	\$0.98	\$0.98
Town of Denton	0.92	0.92	0.92	0.92	0.92
Town of Federalsburg	0.90	0.90	0.90	0.90	0.89
Town of Greensboro	0.92	0.92	0.92	0.92	0.93
Town of Preston	0.97	0.97	0.97	0.97	0.97
Town of Ridgely	0.93	0.93	0.93	0.93	0.93
Towns of Marydel, Henderson, Goldsboro, Hillsboro & Templeville	0.98	0.98	0.98	0.98	0.98

Source: Caroline County Finance 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.

APPENDIX A

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 for 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
2024.....	\$31,348,189	\$31,296,647	99.8%	0	\$31,296,647	99.8%
2023.....	29,770,802	29,727,451	99.9	55,035	29,782,486	100.0
2022.....	28,533,120	28,442,183	99.7	93,668	28,535,851	100.0
2021.....	27,532,778	27,467,351	99.8	75,507	27,542,858	100.0
2020.....	26,678,801	26,322,523	98.7	326,203	26,648,726	99.9

Source: Caroline County Finance 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 2024:

Ten Largest Principal Taxpayers (Real and Personal Property Taxes) Fiscal Year Ended June 30, 2024

Name of Taxpayer*	Assessed Value	Tax Amount	Percentage of Total Assessed Valuation
Delmarva Power and Light.....	\$46,184,480	\$1,130,646	2.45%
Choptank Electric	35,647,640	873,367	2.45
Mid-Atlantic Real Estate Investment	14,327,767	131,815	0.92
Verizon Maryland.....	4,894,880	119,925	2.45
Walmart.....	11,085,000	101,982	0.92
SCIP Federalsburg LLC	10,076,200	90,686	0.90
Southstar Limited Partnership	8,072,899	79,027	0.98
Burris Foods.	6,814,800	66,785	0.98
Denton RE, LLC.....	6,227,200	57,290	0.92
H&M Bay, Inc.	5,997,100	53,974	0.90
Total	\$149,327,966	\$2,705,497	1.81%

* 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 Finance 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. The current State rate of tax is as following 2% on the first \$1,000 of taxable income, \$20 plus 3% on the second \$1,000 and \$50 plus 4% on the third \$1,000. Taxable income is subject to a state income tax rate on income from \$3,001-\$100,000 at \$90 plus 4.75%, from \$100,001-\$125,000 at \$4,697.50 plus 5%, from \$125,001-\$150,000 at \$5,947.50 plus 5.25%, from \$150,001-\$250,000 at \$7,260.00 plus 5.5% and over \$250,000 at \$12,760 plus 5.75%.

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 all the following years. The County does not levy local income tax on corporations. In fiscal year 2024, the County received \$26,029,223 in income tax revenue.

State and Federal Financial Assistance

During fiscal year 2024, \$1,138,465 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 2025 is \$1,362,115.

The County received \$6,614,458 in grants from the Federal and State governments for use as operating funds for certain other purposes during fiscal year 2024. The majority of these monies were received through the State Equity Grant and State Teacher Retirement Supplement. Use of State Equity Grant funds in the amount of \$4,686,791 was at the County's discretion. Budgeted other Federal and State aid is \$6,088,193 for fiscal year 2025.

In fiscal year 2024, the Caroline County Board of Education received \$77,237,074 in State funds and \$11,732,867 in Federal funds for operating and food service expenses. The Board of Education also received \$6,159,767 from the State for school construction. The budgeted figures for fiscal year 2025 were \$80,361,670 in State funds and \$14,460,433 in Federal funds with \$4,410,495 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 2024 were \$2,345,745. The County also received General Fund revenues from a franchise tax in the amount of \$158,708 for fiscal year 2024 and a mobile home tax in the amount of \$62,271 for fiscal year 2024.

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Budget

For fiscal year 2025, the County has an approved General Fund Current Expense Budget of \$72,350,782 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 \$0.90 cents in certain incorporated areas depending upon police coverage; all rates are based on \$100 of assessed value. The current fiscal year's General Fund budget represents a 10% increase from the previous fiscal year. This increase is due to the County seeing higher assessments of properties as well as continuing to see increased interest rates on cash on hand. The Capital Budget for the same period is \$23,739,820. The Capital Budget has an appropriation from the General Fund Current Expense Budget of \$5,538,593

Fiscal year 2024 ended on June 30, 2024. Audited financial statements are available with respect to fiscal year 2024, total General Fund revenues were higher than budgeted and aggregate General Fund expenditures appear to have been less than budgeted. Accordingly, the County anticipates that it will be able to contribute approximately \$8,700,000 to its General Fund balance.

The following tables compare the actual results for fiscal year 2023 and 2024 against the approved budget for fiscal years 2025 for the General Fund.

General Fund Revenue Budget Data for Fiscal Years 2023, 2024, and 2025

	Actual	Actual	Approved
	Fiscal Year 2023	Fiscal Year 2024	Budget
			Fiscal Year 2025
Revenues			
Property Tax	\$29,463,594	\$31,340,785	\$32,939,300
Income Tax.....	22,587,224	26,029,223	22,550,000
Other Local Taxes	2,424,431	2,411,015	1,880,000
State Shared Taxes	972,962	1,138,465	1,362,115
Licenses and Permits	349,679	388,999	359,000
Federal Government	89,374	112,105	76,500
Grants State Government.....	5,887,975	6,502,353	6,011,693
Other Grants	798,324	859,412	891,467
Charges for Services.....	1,164,778	1,269,286	1,641,421
Miscellaneous	1,255,273	2,524,996	2,862,285
Transfers In.....	<u>1,426,375</u>	<u>1,625,562</u>	<u>1,777,001</u>
Revenue Total:	<u>\$66,419,989</u>	<u>\$74,202,201</u>	<u>\$72,350,782</u>

Source: Caroline County General Fund Budgets – Fiscal Years 2023-2025.

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General Fund Expense Budget Data for Fiscal Years 2023, 2024, and 2025

	Actual Fiscal Year 2023	Actual Fiscal Year 2024	Approved Budget Fiscal Year 2025
Expenses			
County Commissioners.....	\$638,145	\$643,644	649,694
Economic Development	267,118	391,524	400,389
Ethics Commission.....	0	0	0
Courts	707,250	743,902	879,207
States Attorney	853,868	971,497	1,117,450
Elections	643,971	609,875	761,257
State Department of Assessments & Tax.....	136,904	138,717	146,084
Office of Finance	784,820	872,768	896,433
Office of Law	315,452	468,104	402,452
Office of Human Resources.....	742,159	712,023	812,979
Planning and Codes Administration	923,503	874,268	1,136,840
General Services	255,051	243,485	246,895
Technology	748,736	975,242	1,094,171
Sheriff.....	5,584,377	5,697,603	5,567,550
Sheriff – Contracted Town Coverage	0	0	474,971
School Resource Officers	904,322	930,110	993,445
Adult Offender Community Service Program	26,211	27,869	29,726
Fire Companies.....	2,299,381	2,533,985	2,662,087
Jail	4,709,246	5,265,775	5,883,603
Animal Control.....	223,622	216,703	269,684
Emergency Services	7,362,597	7,780,814	8,128,505
Humane Society.....	306,323	336,955	370,650
Liquor Licensing	62,263	87,728	107,460
Public Works	4,079,921	4,598,086	4,924,263
Health	488,014	616,407	628,127
Social Services.....	400,093	448,142	486,840
Education.....	17,787,014	17,894,368	20,472,376
Recreation.....	791,316	715,273	748,851
Parks	457,614	445,798	618,701
Arts	6,500	6,500	6,500
Library	1,308,728	1,359,048	1,426,701
Extension Service	169,572	179,674	188,849
Soil Conservation	0	40,000	40,000
Midshore Regional Council.....	15,000	15,000	15,000
Debt Service	3,926,311	3,797,619	3,709,225
Intergovernmental.....	15,580	15,580	15,580
Contingency.....	364,912	347,171	469,745
Transfers Out.....	<u>3,457,906</u>	<u>4,559,463</u>	<u>5,568,492</u>
Expense Total:	<u>\$61,763,800</u>	<u>\$65,560,720</u>	<u>\$72,350,782</u>

Source: Caroline County General Fund Budgets – Fiscal Years 2023-2025.

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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, 2023. 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 after July may retire when they have 25 years of service or when they reach age 62 and have five years of service and receive benefits equal to the following formula: 2% of the participant’s final average earnings multiplied by the participant’s years of credited service up to 60%. All employees as of July 1, 2024, contribute 7% of their pay compensation into the pension fund.

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

<u>Plan Year</u>	<u>Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Payroll</u>	<u>Unfunded as a Percent of Payroll</u>
July 1, 2024.....	\$ 34,263,242	\$ 40,501,396	\$ 6,238,154	84.60%	\$ 10,947,065	56.98%
July 1, 2023	31,994,564	38,949,988	6,955,424	82.14	10,086,918	68.95
July 1, 2022	30,741,334	35,296,216	4,554,882	87.10	9,849,653	46.24
July 1, 2021	29,183,082	33,060,985	3,877,903	88.27	9,254,367	41.90
July 1, 2020	26,664,027	31,982,680	5,318,653	83.37	8,620,828	61.70

Source: Actuarial Valuation as of July 1, 2024. Bolton Partners, Inc.

As of July 1, 2024, the funded percentage was approximately 84.60%. The market value of assets was approximately \$34,263,242 and the actuarial accrued liability was approximately \$40,501,396.

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:

<u>Date</u>	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2024.....	\$ 830,903	\$ 1,369,000	164.76%
2023	687,933	1,094,000	159.03
2022	809,485	1,300,000	160.60
2021	808,623	1,245,000	153.97
2020	844,339	1,196,620	141.72

Source: Actuarial Valuation as of July 1, 2024. Bolton Partners, Inc.

For additional information on the Plan, refer to Note 8 to the County's Comprehensive Annual Financial Report for fiscal year 2024.

The County makes an annual contribution to the State Retirement System for its share of the liability for the qualified State Officials. The County was required to pay the State Retirement System \$30,772 for fiscal year 2024. 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 2024 this rate was 36.91%.

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 \$8,988,998 as of June 30, 2024. The plan is over 145.78% funded.

For additional information on OPEB, refer to Note 9 to the County's Comprehensive Annual Financial Report for fiscal year 2024.

The Board of Education of Caroline County contracted with Bolton to calculate its post-retirement medical and life insurance benefits actuarial valuation as of June 30, 2024. The total other post-employment benefits liability is \$90,564,888 with \$1,775,768 held in trust, resulting in a net other post-employment liability of \$88,789,120. The Board of Education's contributions are financed on a pay-as-you-go basis. The County's obligation to fund 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 is bordered by 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 2023 population of 5,590.

The County's population was 17,842 in the 1990 census, 19,197 in the 2000 census, 20,197 in the 2010 census, and 19,198 in the 2020 census, which represents an increase of 7.6% over the 30 year span. The 2023 census estimate reflects that the County's population has increased to 19,303.

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 93 percent of total General Fund revenues. In 2024, 56 percent of total General Fund Revenues were from local property taxes. The second largest source of revenue is local income taxes, which represented 33 percent of all General Fund revenue in fiscal year 2024.

During the five most recent fiscal years ended June 30, 2024, revenue from property taxes, as a percentage of total General Fund revenue, fluctuated between 56 percent and 62 percent. Local income taxes have fluctuated between 33 percent and 30 percent of total General Fund revenue over the same period.

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The table below 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**

	2024	2023	2022	2021	2020
Revenues					
Real Property Taxes	34,199,006	32,585,559	32,073,034	32,281,508	31,769,648
Local Income Taxes	20,020,098	19,961,414	16,436,095	16,448,232	15,683,736
Other Local Taxes	3,168,618	2,688,896	4,058,772	3,707,598	2,004,260
Licenses & Permits	340,075	381,117	339,901	410,223	317,696
Intergovernmental	1,783,246	866,571	815,378	794,961	714,854
Service Charges	753,713	750,912	681,821	457,787	537,415
Fines and Forfeitures	9,288	67,665	14,456	7,518	19,315
Miscellaneous	1,305,417	743,154	126,435	168,369	412,880
Total Revenues	\$61,579,461	58,045,288	54,545,892	54,276,196	\$51,459,804
Expenditures					
General Government	7,787,240	7,489,038	7,024,062	6,556,029	6,384,621
Public Safety	14,068,363	12,456,151	11,880,470	11,064,893	11,018,476
Public Works	5,123,408	6,761,815	5,250,100	4,410,403	5,257,467
Health & Social Services	1,954,286	1,253,295	1,141,438	997,094	972,071
Education	20,194,889	19,039,365	19,049,753	19,020,661	18,555,959
Parks, Recreation and Culture	1,725,787	1,725,004	1,584,912	1,318,162	1,487,999
Libraries	756,152	713,899	713,899	616,973	685,526
Resource Conservation and Development	373,134	371,554	376,514	325,036	365,026
Community Development	593,870	601,874	566,147	481,212	637,510
Intergovernmental	135,475	111,972	185,464	97,976	275,903
Miscellaneous	749,041	400,941	45,511	96,686	(163,320)
Debt Service	1,587,164	1,508,082	1,640,774	2,178,955	6,669,799
Total Expenditures	\$55,048,809	52,432,990	49,459,044	47,164,080	\$52,147,037
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	100,000
Transfers to Other Funds	(1,485,677)	(5,645,480)	(1,686,932)	(4,642,282)	(2,260,214)
Leases	576,513	275,862	471,821	487,968	505,464
Subscription Arrangements	-	67,468	-	-	-
Notes and Bonds Issued	231,275	-	-	-	4,700,000
Sale of General Capital Assets	68,227	68,084	39,243	39,849	-
Total Other Financing Sources (Uses)	\$ (609,662)	\$(5,234,066)	\$(1,175,868)	\$(4,114,465)	\$ 3,045,250
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	\$ 5,920,990	\$ 378,232	\$ 3,910,980	\$ 2,997,651	\$ 2,358,017

Source: Kent County Audited Financial Statement for fiscal years 2020-2024.

County's Largest Taxpayers

The table below, for fiscal year 2024, indicates the ten largest taxpayers in the County and gives their total property tax bill and the percent to the total tax levy.

For the Fiscal Year Ended June 30, 2024		
Taxpayer	Tax Billed	% of Levy
Delmarva Power and Light	\$ 1,152,226	3.33%
Integrace Inc	431,224	1.25%
ThinkBig Networks	329,356	0.95%
Choptank Electric Co-op, Inc	293,585	0.85%
Talkie Communications, Inc	249,439	0.72%
KRM Development Corporation	165,672	0.48%
Verizon-MD	155,658	0.45%
KRM Dixon Office LLC	127,250	0.37%
Washington College	126,968	0.37%
Kent Crossing	123,588	0.36%

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	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2024	34,628,360	33,027,944	95.38%	n/a	33,027,944	95.38%
2023	32,607,685	31,455,473	96.47%	1,062,480	32,517,953	99.72%
2022	31,936,046	30,802,594	96.45%	955,026	31,757,620	99.44%
2021	31,620,142	30,446,424	96.29%	1,068,715	31,515,139	99.67%
2020	31,186,350	28,996,828	92.98%	2,106,718	31,103,546	99.73%

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 levied an income tax of 3.20% for calendar year 2025.

For fiscal year 2024, the County received \$20,020,098 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 2024 were \$1,648,653. The County also receives general fund revenues from taxes levied on property transfers which amounted to \$1,031,709 in fiscal year 2024, admission and amusement taxes which amounted to \$34,813 in fiscal year 2024 and a lodging tax which amounted to \$74,250 in fiscal year 2024.

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Budget

For fiscal year 2025, the County has an approved General Fund Budget of \$67,582,418, which is partially supported by a real property tax rate of \$1.022. The Capital Budget for the same period is \$8,050,231.

The table below displays the General Fund Fiscal Year 2024 Budget and the Fiscal Year 2025 Budget.

**KENT COUNTY, MARYLAND
GENERAL FUND BUDGETS**

	<u>Budget 2024</u>	<u>Budget 2025</u>
Revenues		
Real and Personal Property taxes	\$34,046,285	\$35,885,276
Income taxes	17,260,000	17,260,000
Other local taxes	2,548,000	2,904,899
Licenses & Permits	343,228	373,742
Intergovernmental Funding	1,840,151	1,673,381
Service Charges	630,263	604,190
Fines and Forfeitures	7,000	5,490
Rental Income	111,020	116,828
Miscellaneous	543,609	1,188,450
Capital Lease Proceeds	289,153	935,557
Total Revenues	<u>\$57,618,709</u>	<u>\$60,947,813</u>
Expenditures		
General Government	8,109,276	9,152,854
Public Safety	14,053,773	15,387,015
Public Works	5,970,722	7,184,347
Conservation of Health	1,392,738	1,402,816
Social Services	619,124	627,888
Education	20,400,470	21,225,075
Parks, Recreation and Culture	2,155,831	2,159,637
Library	756,152	793,960
Conservation of Natural Resources	376,382	393,804
Tourism and Economic Development ..	605,057	636,730
Debt Service	1,213,636	1,313,616
Intergovernmental	135,576	195,576
Miscellaneous	1,362,484	661,922
Transfers to Other Funds	3,187,486	6,447,178
Total Expenditures	<u>\$60,338,707</u>	<u>\$67,582,418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(\$2,719,998)</u>	<u>(\$ 6,634,605)</u>

Source: Kent County Budget for fiscal years 2024-2025.

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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 Officers 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.

Correctional Officers employed as of July 1, 2022. Members may retire with full benefits at age 55 with at least 10 years of service credit or 20 years of service credit regardless of age. A member may retire with reduced benefits before attaining age 55 and completing 15 years of eligible service. A member who joined prior to July 1, 2011, is vested in CORS after 5 years of service. A member who joined on or after July 1, 2011, is vested in CORS after 10 years of service.

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 four pension plans contributed 7% of their regular gross employee compensation during fiscal year 2024.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to all four 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, 2024, is based on salaries for the year ending June 30, 2023. 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 Maryland Association of Counties Pooled OPEB Trust. An employee retiring from Kent County Government on or after July 2, 2002, who has accumulated thirty (30) years of service or law enforcement or corrections employees who have accumulated twenty-five (25) years of 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 2024 the County paid 90% of retiree's health benefits for retirees with individual coverage and 85% of retiree's health benefits for retirees with individual and spouse coverage.**

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 Allegany, Queen Anne's, Kent, and Talbot Counties, City of Annapolis, College of Southern Maryland, Town of Bel Air, Town of Hurlock, Talbot and Queen Anne's County Boards of Education, St. Mary's County Metropolitan Commission, Harford Community College, Harford and Queen Anne's Public Libraries, La Vale Sanitary Commission and Tri County Council.

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 2024 Kent County contributed \$453,689 (\$353,689 for pay-as-you-go premiums and \$100,000 to the trust). Plan members receiving benefits contributed \$22,715.

The County's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that.

Total OPEB Liability	2024	2023	2022	2021	2020
Service cost	\$ 592,709	\$ 577,510	\$ 969,276	\$ 1,075,976	\$ 880,662
Interest cost	538,769	526,991	363,509	520,595	565,767
Changes in benefit terms	-	584,943	-	-	-
Differences between expected and actual experience	(24,472)	(1,196,558)	(94,795)	(4,661,630)	(39,186)
Changes in assumptions	(273,127)	(518,039)	(5,587,558)	1,017,850	2,044,155
Benefit payments	(330,974)	(308,875)	(281,398)	(261,087)	(275,682)
Net change in total OPEB liability	502,905	(334,028)	(4,630,966)	(2,308,296)	3,175,716
Total OPEB liability - beginning of year	14,135,475	14,469,503	19,100,469	21,408,765	18,233,049
Total OPEB liability - ending of year	<u>\$ 14,638,380</u>	<u>\$ 14,135,475</u>	<u>\$ 14,469,503</u>	<u>\$ 19,100,469</u>	<u>\$ 21,408,765</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 430,974	\$ 308,875	\$ 281,398	\$ 261,087	\$ 275,682
Net investment income	21,487	15,927	(25,331)	19,962	1,853
Benefit payments	(330,974)	(308,875)	(281,398)	(261,087)	(275,682)
Net change in fiduciary net position	121,487	15,927	(25,331)	19,962	1,853
Fiduciary net position - beginning of year	172,318	156,391	181,722	161,760	159,907
Fiduciary net position - ending of year	<u>\$ 293,805</u>	<u>\$ 172,318</u>	<u>\$ 156,391</u>	<u>\$ 181,722</u>	<u>\$ 161,760</u>
Net OPEB liability	<u>\$ 14,344,575</u>	<u>\$ 13,963,157</u>	<u>\$ 14,313,112</u>	<u>\$ 18,918,747</u>	<u>\$ 21,247,005</u>
Fiduciary net position as a % of total OPEB liability	<u>2.01%</u>	<u>1.22%</u>	<u>1.08%</u>	<u>0.95%</u>	<u>0.76%</u>
Covered payroll	\$ 12,337,117	\$ 13,061,223	\$ 11,946,398	\$ 11,536,020	\$ 11,042,301
Net OPEB liability as a % of payroll	116%	107%	120%	164%	192%

Notes to Schedule:

Benefits changes: none

Changes in assumptions: none

Discount rate:

6/30/2024	3.97%
6/30/2023	3.86%
6/30/2022	3.69%
6/30/2021	1.92%
6/30/2020	2.45%

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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 7.6% from 2015 to 2024. 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 to the County's Comprehensive Annual Financial Report for fiscal year 2023, the County's principal source of revenue is local taxes, which constitute 84.6 percent of total General Fund operating revenue for fiscal 2023: 40.1 percent from real property taxes, 37.5 percent from local income taxes, and 7.0 percent from other local taxes. For fiscal year 2024, taxes are budgeted to constitute 82.8 percent of total General Fund revenue with 37.3 percent from real property taxes, 39.3 percent from local income taxes, and 6.2 percent from other local taxes.

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APPENDIX A

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:	<u>Actual 2024</u>	<u>Actual 2023</u>	<u>Actual 2022</u>	<u>Actual 2021</u>	<u>Actual 2020</u>
Property Taxes	\$ 82,049,357	\$ 78,012,721	\$ 75,895,277	\$ 74,732,398	\$ 71,645,066
Other Local Tax Revenues	97,801,351	92,405,019	85,856,755	83,407,880	70,659,019
Licenses & Permits	802,612	838,253	1,126,267	934,967	543,912
Intergovernmental Revenue	3,265,897	3,102,287	5,285,293	1,786,650	1,615,025
Service Charges & Miscellaneous	<u>13,450,240</u>	<u>10,120,552</u>	<u>6,256,537</u>	<u>5,872,895</u>	<u>6,032,632</u>
Total Revenues	\$ 197,369,457	\$ 184,478,832	\$ 174,420,129	\$ 166,734,790	\$ 150,495,654
Expenditures and Encumbrances:					
General Government	\$ 14,735,938	\$ 13,059,140	\$ 11,322,706	\$ 10,247,041	\$ 9,333,134
Public Safety	39,555,442	35,123,715	30,801,903	27,067,386	25,838,244
Public Works	8,058,493	7,580,447	7,175,032	10,789,282	10,021,870
Health	1,305,306	2,478,623	1,788,588	2,437,604	2,147,035
Social Services	193,586	179,069	168,650	180,556	177,746
Education	71,011,747	66,179,316	65,623,890	63,042,977	61,552,866
Parks	4,925,239	4,716,874	4,485,601	3,889,900	3,732,317
Recreation	1,116,935	1,003,071	930,919	666,365	780,924
Conservation of Natural Resources	846,386	730,037	666,818	598,450	564,732
Economic Development	1,036,415	884,032	724,501	562,165	547,486
Community Affairs	128,882	108,115	98,748	99,368	198,374
Library	2,598,152	2,312,786	2,063,975	1,957,600	1,889,225
Intergovernmental	689,608	653,024	563,958	516,792	562,056
Debt Service	12,743,060	13,174,418	12,142,958	11,764,070	12,772,764
Miscellaneous	<u>7,232,372</u>	<u>8,864,087</u>	<u>6,981,352</u>	<u>6,834,217</u>	<u>5,308,680</u>
Total Expenditures	\$ 166,177,561	\$ 157,046,754	\$ 145,539,599	\$ 140,653,773	\$ 135,427,453
Other Financing Sources (Uses):					
Proceeds of Sale of Capital Assets	28,597	51,405	44,253	41,099	30,607
Insurance Proceeds	139,131	66,705	34,756	102,429	11,311
Lease and Subscription Financing Adjustment	38,000	2,084,236	-	-	-
Net Operating Transfers	<u>(22,687,203)</u>	<u>(20,804,055)</u>	<u>(18,124,993)</u>	<u>(16,887,912)</u>	<u>(9,084,813)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,710,421	8,830,369	10,834,546	9,336,633	9,025,306
Fund Balance Prior Year, as restated	<u>68,803,759</u>	<u>59,973,387</u>	<u>49,093,886</u>	<u>41,084,629</u>	<u>35,059,323</u>
ENDING FUND BALANCE	<u>\$ 77,514,180</u>	<u>\$ 68,803,756</u>	<u>\$ 59,928,432</u>	<u>\$ 50,421,262</u>	<u>\$ 41,084,629</u>

Source: Comprehensive Annual Financial Reports for Fiscal Years 2020-2024.

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 (*see* p. A-24). 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.

<u>Assessed Value</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Base	\$ 9,841,742,881	\$ 9,335,551,287	\$ 8,921,620,470	\$ 8,714,892,522	\$ 8,486,858,638
County Tax Rate (per \$100)	\$ 0.8300	\$ 0.8300	\$ 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

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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
2024	\$80,137,298	\$80,060,018	99.9%	\$0	\$80,060,018	99.9%
2023	77,663,358	77,608,873	99.9%	38,457	77,647,330	99.9%
2022	74,882,965	74,789,167	99.9%	80,491	74,869,658	99.9%
2021	72,635,124	72,627,467	99.9%	3,793	72,631,260	99.9%
2020	70,825,936	70,375,695	99.4%	446,467	70,822,162	99.9%

Source: Queen Anne's County Comprehensive Annual Financial Report 2024.

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County's Largest Taxpayers

The table below, for fiscal year 2024, indicates the ten largest taxpayers in the County and gives the assessed valuation of their property.

Taxpayer	2024 Assessed Valuation	% of Total Tax Levy
Second Horizon Group Limited Partnership	\$35,819,200	0.36%
KRM Development Corporation	22,596,900	0.23%
Schulz Development LLC	17,909,300	0.18%
Kent Towne Market LLC	16,303,800	0.17%
Maryland General Land Co LLC	16,150,300	0.16%
Great American Life Insurance Co	15,082,100	0.15%
Beach Harbor Campers Cooperative Inc	14,498,667	0.15%
Anne Arundel Real Estate Holding Co	13,562,700	0.14%
Knight Farms LLC	12,229,233	0.12%
Mears Point Association	11,000,233	0.11%
Ten Largest Taxpayers	\$175,152,433	1.78%

Source: Queen Anne's County Comprehensive Annual Financial Report 2024.

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 2024, the County collected \$86,007,950 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 2024 were \$7,436,184. The County also receives revenues from taxes levied on amusement admission charges which amounted to \$261,842 in fiscal year 2024, a hotel tax which amounted to \$1,127,036 in fiscal year 2024, a transfer tax which amounted to \$2,885,299 in fiscal year 2024, and also a cannabis sales tax which amounted to \$83,040 in fiscal year 2024.

State and Federal Assistance

During fiscal year 2024, the County received from the state and federal governments \$3,265,896 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 \$1,013,007 in ARPA funds.

Budget

For fiscal year 2025, the County has an approved General Fund Budget of \$191,173,501 which is partially supported by a real property tax rate of \$0.8300. The General Capital Budget for the same period is \$28,789,756.

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

	FY 2024 BUDGET (ADOPTED)	FY 2025 BUDGET (APPROVED)
Revenue:		
Local Property Tax	\$ 77,600,000	\$ 82,650,000
Local Income Tax	80,337,128	83,000,000
Public Utility Tax	2,300,000	2,450,000
Admission and Amusement Tax	252,000	252,000
Sales Tax - Cannabis	-	250,000
Hotel Tax	885,000	1,100,000
Franchise Fee	485,000	375,000
Recordation Taxes	7,549,263	6,500,000
Transfer Taxes	2,724,615	2,300,000
Licenses and Permits	845,875	880,875
Intergovernmental	2,421,686	2,561,760
Service Charges	3,623,987	3,469,987
Miscellaneous Revenue	2,375,089	3,216,589
Transfers In	<u>2,165,911</u>	<u>2,167,290</u>
Total Revenue, Transfers In, and Fund Balance	\$183,565,554	\$191,173,501
EXPENDITURES		
County Administration	\$ 9,281,185	\$ 10,240,684
Community Services	3,979,589	4,458,978
Planning and Zoning	2,630,657	2,927,149
Public Safety	20,792,965	22,770,719
Public Works	13,457,095	14,256,280
Parks	6,319,712	6,751,205
Board of Education	68,885,219	75,085,219
State's Attorney's Office	1,624,288	1,854,508
4-H Park	129,800	129,800
Sheriff's Office	11,839,057	13,408,567
Orphan's Court	102,786	106,228
Circuit Court	940,009	1,112,180
Fire Protection & Rescue	5,228,788	5,380,010
Chesapeake College	2,126,529	2,196,654
QAC Free Library	2,598,152	2,782,887
Board of Elections	1,184,692	1,351,736
Health Department	2,775,750	2,971,627
Social Services	183,758	196,614
Soil Conservation Service	323,217	345,686
UMD Extension Service	410,633	432,615
Debt Service	12,723,463	12,753,594
Benefits / OPEB	5,086,789	3,863,154
Transfer to Capital/Other	6,797,619	1,852,145
Contingency	2,865,763	365,763
Other Expenditures	<u>1,278,039</u>	<u>3,579,499</u>
Total Expenditures and Transfers	<u>\$183,565,554</u>	<u>\$191,173,501</u>
Surplus (Deficit)	<u>\$ 0</u>	<u>\$ 0</u>

Source: Fiscal Year 2025 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 2024 is based on salaries for fiscal year 2023. 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	2024	2023	2022
Total Payroll	\$ 48,057,224	\$ 41,633,839	\$ 38,023,375
Covered Payroll	36,434,467	33,312,053	27,222,595
Expenditure/Expense Pension	10,722,347	3,678,761	2,602,900

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 entity 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.

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Total County OPEB Liability For Fiscal Years 2022-2024			
	2022	2023	2024
Total OPEB Liability ("TOL")			
Service cost	\$ 1,226,384	\$ 1,263,176	\$ 983,763
Interest	3,220,060	3,386,945	2,962,304
Changes in benefit terms	-	394,544	-
Experience losses	-	(8,541,920)	-
Changes in assumptions	(686,055)	(1,645,226)	-
Benefits payments	(1,731,265)	(1,706,367)	(1,846,441)
Net Change in total OPEB liability	2,029,124	(6,848,848)	2,099,626
 Total OPEB liability – beginning of year	 54,954,500	 56,983,624	 50,134,776
Total OPEB liability – end of year	\$56,983,624	\$50,134,776	\$52,234,402
 Plan Fiduciary Net Position ("PFNP")			
Contributions – employer	\$ 4,195,201	\$ 4,098,432	\$ 4,453,230
Contributions – member	-	-	-
Net investment income	(1,964,463)	1,430,230	1,923,140
Benefit payments	(1,731,265)	(1,706,367)	(1,846,441)
Admin expenses	(5,253)	(7,722)	(8,025)
Other	-	(7,935)	-
Net change in plan fiduciary net position	494,220	3,806,638	4,521,904
 Plan fiduciary net position – beginning of year	 13,168,695	 13,662,915	 17,469,553
Plan fiduciary net position – end of year	13,662,915	17,469,553	21,991,457
 Net OPEB liability ("NOL") – beginning of year	 41,785,805	 43,320,709	 32,665,223
Net OPEB liability – end of year	\$43,320,709	\$32,665,223	\$30,242,945
 PFNP as a % of TOL	 24.0%	 34.8%	 42.1%
Covered employee payroll	\$29,071,019	\$32,307,222	\$36,215,104
NOL as a % of covered payroll	149.0%	101.1%	83.5%

Source: Queen Anne's County Comprehensive Financial Report for fiscal year 2024.

The Net OPEB Liability (NOL) of \$30,242,945 at the end of the year for the County consisted of liabilities of \$24,652,577 for Governmental Activities and \$5,590,368 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
2017	\$ 3,853,839	\$ 2,223,474	\$ 1,630,365	\$ 21,604,888	10.30%
2018	3,969,454	2,731,447	1,238,007	22,282,543	12.30%
2019	4,377,119	3,037,243	1,339,876	23,843,440	12.70%
2020	4,508,433	3,378,771	1,129,662	25,806,124	13.10%
2021	4,419,451	3,612,555	806,896	26,326,472	13.70%
2022	4,552,035	4,195,201	356,834	29,071,019	14.40%
2023	3,864,103	4,098,432	(234,329)	32,307,222	12.70%
2024	3,980,026	4,453,230	(473,204)	36,215,104	12.30%

Source: Queen Anne's County Comprehensive Financial report for fiscal year 2024.

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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 2020 census, the population of the County was 37,526. The 2010 census showed a population of 37,782, a slight decrease of 0.68% between 2010 and 2020. However, the U.S. Census Bureau estimates that the population of the County as of July 1, 2024 is 38,244. The County seat and principal city is Easton, with a 2020 population of 17,101.

Under Home Rule charter since 1973, the County is governed by the elected five-member County Council. The Council exercises 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 2024 Supplement). 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 88 percent of total General Fund revenues. In fiscal year 2024, 40.2 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 36.4 percent of all General Fund revenue in fiscal year 2024.

During the five fiscal years ended June 30, 2020 through 2024, revenue from ad valorem property taxes, as a percentage of total General Fund revenue, fluctuated between 39 percent and 42 percent. Income taxes have fluctuated between 32 percent and 39 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 fiscal years ended June 30, 2020 through 2024:

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**TALBOT COUNTY, MARYLAND
GENERAL FUND
SUMMARY OF REVENUES**

	2024	2023	2022	2021	2020
Taxes					
Local Property	\$58,660,845	\$51,470,500	\$47,954,457	\$45,726,005	\$44,544,065
Local Income Tax	53,013,098	51,874,354	37,815,496	35,503,912	41,118,063
Local Other.....	16,707,168	16,456,840	22,958,657	22,249,580	12,281,446
Licenses & Permits.....	1,259,460	1,104,686	1,077,943	1,000,037	750,260
Intergovernmental Revenues.....	2,813,211	2,705,158	2,513,064	2,963,573	2,150,455
Service Charges	4,073,715	4,019,292	3,336,370	2,903,345	2,870,422
Miscellaneous	9,093,200	4,456,731	413,168	666,607	1,279,887
Total Revenues.....	\$145,620,697	\$132,087,561	\$116,069,155	\$111,013,059	\$104,994,598

RATES

Local Property	\$0.7434	\$0.6820	\$0.6565	\$0.6372	\$0.6372
Local Income Tax—(Calendar Year)	2.40%	2.40%	2.40%	2.40%	2.40%

Source: Talbot County Comprehensive Annual Financial Reports 2020-2024

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 2015-2024.

**TALBOT COUNTY, MARYLAND
ASSESSED VALUE AND TAX RATES**

Fiscal Year	Real Property		Public Utility Personal Property	
	Assessed Value	Tax Rate	Assessed Value	Tax Rate
2024	\$9,402,177,332	0.7434	\$86,650,280	\$1.8585
2023	9,018,440,608	0.6820	84,280,980	1.7050
2022	8,784,257,157	0.6565	79,285,930	1.6413
2021	8,637,351,695	0.6372	76,088,700	1.5930
2020	8,499,252,532	0.6372	72,264,220	1.5930
2019	8,384,993,791	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

Source: Talbot County Finance Office and State of Maryland, Department of Assessments and Taxation

County Property Tax Limitation

Effective December 3, 2020, 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, from and after July 1, 2021, revenues derived from taxes on properties included in the Constant Yield Tax Rate Certification prepared by the Maryland State Department of Assessments and Taxation shall not increase, compared with the previous year, by more than two percent, except that revenues derived from such taxes may increase above the revenue cap limit by up to one percent per one hundred dollars of assessed value in each of the twelve fiscal years beginning July 1, 2021. Any increase above the revenue cap limit authorized in this Section shall be in addition to, and not in lieu of, any increases above such limit authorized by State law.”

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 $\frac{2}{3}$ of 1% per month) is charged for each month or fraction thereof that taxes remain unpaid for the current year plus a $\frac{5}{6}$ of 1% monthly penalty for all unpaid County real property taxes due in that levy year. 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 fiscal years ended June 30, 2015 through 2024.

**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
2024.....	\$58,933,616	\$58,908,730	99.96%	\$ -	\$58,908,730	99.96%
2023.....	51,680,677	51,654,487	99.95	(4,964)	51,654,487	99.95
2022.....	48,156,384	48,118,404	99.92	(1,445)	48,116,959	99.92
2021.....	45,555,240	45,542,257	99.97	(23,016)	45,519,241	99.92
2020.....	44,839,529	43,533,445	97.09	(65,074)	43,468,371	96.94
2019.....	41,746,371	40,715,401	97.53	(4,233)	40,711,168	97.52
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 following table for fiscal year 2024 indicates the 10 largest taxpayers in the County and gives the assessed valuation of their property.

**TALBOT COUNTY, MARYLAND
LARGEST TAXPAYERS
2024 FISCAL YEAR**

<u>Name</u>	<u>Assessed Value</u>	<u>% Of Total Taxable Levy</u>
RDC Inn at Perry Cabin LLC	\$25,029,933	0.27%
Remco Properties, LLC	15,885,000	0.17%
8223 Elliott Rd LLC.	15,404,500	0.16%
Intergrace, Inc.	12,442,300	0.13%
Tidewater Inn LLC	11,091,167	0.12%
Lowe's Home Centers, Inc	10,779,800	0.11%
Target Corporation.....	10,715,400	0.11%
Fre USA LLC	10,472,467	0.11%
Chosen Easton LLC	10,311,600	0.11%
Easton RIK MP LLC	10,087,700	0.11%
Total-10 Largest Taxpayers.....	\$132,219,867	1.41%

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 \$1,122,415,243 in fiscal year 2025; 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 2024, County residents have received credits totaling \$124,464 under this program. In fiscal year 2025, County residents have received credits totaling \$98,920 under this program.

Income Taxes

The personal state income tax rate for Maryland residents is graduated up to 5.75% for fiscal year 2025.

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 3.30%, 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 2024 totaled \$5,746,741 and \$8,847,252, 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 2024 totaled \$2,113,175.

State and Federal Assistance

During fiscal year 2024, the County received grants from the State of Maryland totaling \$2,717,719. Two of the largest single categorical sources were \$915,957 for Highway User Revenues and \$813,999 from 911 fees collected on all telephone lines in the County. Also included in this aggregate total were \$191,696 for police protection and \$317,754 for fire and rescue services.

During fiscal year 2024, the County received \$95,492 from the federal government for use as restricted grants. \$68,365 of this total was from FEMA.

Federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts may be followed by material increases or decreases in the levels of federal funding directly affecting federal agencies and authorities and indirectly affecting state and local recipients of such funding. Recently, the current presidential administration has proposed policy shifts that involve, among other things, proposed delays in grants and appropriations, reductions in the federal workforce, and elimination of certain federal agencies and departments. The County or its residents may have some exposure to potential federal funding freezes or cuts, which could reduce operating revenue. However, the County would not expect this to be material, and the County is well positioned to effectively mitigate the effects of any such cuts through budget adjustments.

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General Fund

The chart below details the Summary of Revenues and Expenditures for Talbot County during the fiscal years 2020-2024.

**TALBOT COUNTY, MARYLAND
GENERAL FUND
SUMMARY OF REVENUES & EXPENDITURES**

	Actual 2024	Actual 2023	Actual 2022	Actual 2021	Actual 2020
Revenues					
Real Property taxes	\$58,660,845	\$51,470,500	\$47,954,457	\$45,726,005	\$44,544,065
Local Income taxes	53,013,098	51,874,354	37,815,496	35,503,912	41,118,063
Other local taxes	16,707,168	16,456,840	22,958,657	22,249,580	12,281,446
Licenses & Permits	1,259,460	1,104,686	1,077,943	1,000,037	750,260
Intergovernmental	2,813,211	2,705,158	2,513,064	2,963,573	2,150,455
Service Charges	4,073,715	4,019,292	3,336,370	2,903,345	2,870,422
Miscellaneous	9,093,200	4,456,731	413,168	666,607	1,279,887
Total Revenues	\$145,620,697	\$132,087,561	\$116,069,155	\$111,013,059	\$104,994,598
Expenditures					
General Government	10,909,291	10,276,391	9,255,789	8,883,356	8,360,138
Public Safety	27,870,424	26,681,913	23,639,671	21,596,910	20,569,494
Public Works	6,476,498	5,261,153	5,19,089	4,744,904	4,482,987
Health and Hospitals	2,854,596	2,607,800	2,508,300	2,508,300	2,646,248
Social Services	1,226,965	1,162,083	1,080,097	892,749	820,072
Education	58,209,818	53,990,856	51,531,939	50,095,559	48,059,242
Recreation	956,199	801,570	1,026,398	656,031	412,019
Conservation of Natural Resources	358,600	324,905	350,921	312,525	293,859
Intergovernmental	1,513,596	1,475,028	1,528,832	1,107,959	877,568
Employee Benefits	1,898,794	2,045,717	1,315,373	949,926	1,161,280
Miscellaneous	185,363	244,486	260,795	269,318	167,164
Debt Service	1,893,313	985,534	1,039,796	1,039,578	1,039,798
Reserve for Contingencies	-	-	9,233	355	69,069
Total Expenditures	\$114,353,457	\$105,857,436	\$99,266,233	\$93,057,470	\$88,958,938
Other Financing Sources (Uses)					
Transfers in (out)	(9,100,000)	(3,887,892)	(11,741,670)	(722,340)	(273,111)
Total Other Financing Sources (Uses)	\$ (9,100,000)	\$ (3,887,892)	\$ (11,741,670)	\$ (722,340)	\$ (273,111)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	\$22,167,240	\$22,342,233	\$5,061,252	\$17,233,249	\$15,762,549
Fund Balances – Beginning of Year	90,715,836	68,373,603	63,312,351	46,079,102	30,316,553
Fund Balances – End of Year	\$112,883,076	\$90,715,836	\$68,373,603	\$63,312,351	\$46,079,102

Source: Talbot County Comprehensive Annual Financial Reports for fiscal years 2020-2024.

Budget

The table below displays the General Fund budget for fiscal years 2024 and 2025.

**Talbot County Maryland
General Fund
FY 2024-2025 Budgets**

	Approved 2024	Approved 2025
Revenues		
Real Property Tax	\$56,860,969	\$63,859,000
Local Income Tax	31,000,000	37,000,000
Other Local Taxes.....	11,970,000	12,570,000
Licenses, Permits & Fees.....	679,000	838,000
Federal and State Grants	2,368,725	2,319,485
State Shared Taxes.....	905,203	1,095,863
General Government.....	4,707,103	4,812,900
Interest Income	125,000	1,500,000
Transfer from Development Impact Fund	-	340,000
Transfer from OPEB Fund.....	-	-
Unexpended Funds from Prior Years	20,061,000	39,093,752
Miscellaneous	172,000	541,000
Total Revenues	\$128,849,000	\$163,970,000
Expenditures		
Education	\$58,089,654	\$61,793,202
County Roads Maintenance	4,170,885	4,866,940
Public Safety & Judicial	32,856,722	40,252,708
Health Services	2,924,124	3,261,703
County Services	9,771,946	11,038,128
General Government.....	9,901,615	13,176,545
Reserve for Contingencies	1,500,000	1,750,000
Transfer to Capital Projects Fund	6,680,000	27,452,793
Transfer to Recreation Fund	2,934,054	357,981
Impact Fee Reserves	20,000	20,000
Total Expenditures.....	\$128,849,000	\$163,970,000

Source: Talbot County Budgets for fiscal years 2024 and 2025.

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, for retirees hired prior to July 1, 2015, 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. Membership in the plan consisted of 236 active employees, no inactive employees entitled to but not yet receiving benefits, and 77 inactive employees receiving benefits.

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, 2019, the date of the actuarial valuation, five retirees were receiving benefits under the plan, and an estimated 20 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 2024, the County paid for coverage of 111 eligible retirees and 42 dependents of retirees at a total cost to the County of \$1,347,910 and eligible retirees contributed \$218,318. 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 the cost of the Plan on a pay-as-you go basis from the general fund. For fiscal year 2024, the Library contributed \$16,429 to the plan.

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**Schedule of Changes in Net OPEB Liability and Related Ratios
For Fiscal Years 2020-2024**

	2020	2021	2022	2023	2024
Total OPEB Liability (“TOL”)					
Service cost	\$ 502,715	\$ 548,155	\$ 501,967	\$ 564,712	\$ 590,432
Interest	1,171,214	1,368,462	1,433,365	1,796,319	1,850,024
Difference between expected and actual experience	1,091,207	-	2,793,117	-	4,831,093
Benefit payments	(709,922)	(733,090)	(1,245,758)	(1,350,971)	(1,836,667)
Other changes	787,799	-	1,754,969	-	807,030
Net Change in total OPEB liability	2,843,013	1,183,527	5,237,660	1,010,060	6,241,912
Total OPEB liability – beginning of year	17,072,986	19,915,999	21,099,526	26,337,185	27,347,245
Total OPEB liability – end of year	\$19,915,999	\$21,099,526	\$26,337,186	\$27,347,245	\$33,589,157
Plan Fiduciary Net Position (“PFNP”)					
Contributions - employer	-	-	-	-	650,000
Difference between expected and actual experience	(624,893)	-	3,253,714	488,594	-
Net investment income	252,448	3,422,311	(2,204,179)	1,503,608	1,708,319
Administrative expense	(61,805)	(56,843)	(70,447)	(69,485)	(76,944)
Other changes	625,032	-	(3,253,714)	(488,594)	-
Net change in plan fiduciary net position	190,782	3,365,468	(2,274,626)	1,434,123	2,281,375
Plan fiduciary net position – beginning of year	12,424,519	12,615,301	15,980,769	13,706,143	15,140,266
Plan fiduciary net position – end of year	12,615,301	15,980,769	13,706,143	15,140,266	17,421,641
Net OPEB liability – ending	\$ 7,300,698	\$ 5,118,757	\$12,631,043	\$12,206,979	\$16,167,516
PFNP as a % of TOL	63.3%	75.7%	52.0%	55.3%	51.9%
Covered payroll	\$14,561,185	\$14,339,431	\$17,261,630	\$18,704,875	\$22,030,726
Net liability as a % of covered payroll	50.1%	35.7%	73.1%	65.2%	73.4%

Source: Talbot Comprehensive Financial Report for fiscal years 2020-2024.

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. The Law Enforcement Officers Pension System (“LEOPS”) was established July 2, 1990, and adopted by the County on July 1, 2021. Effective July 1, 2022, the County expanded the eligibility for the LEOPS system to also include paramedics. LEOPS currently covers uniformed law enforcement officers of the Sheriff’s Department and paramedics in the Emergency Medical Services division. That report may be obtained by writing to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland, 21202.

Participants in the Employee 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

APPENDIX A

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.

Participants in LEOPS 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 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.

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 2024, the County reported expense of \$3,458,326 and the Board of Education reported expense of \$2,424,092 related to the Systems in the fund financial statements.

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

	2020	2021	2022	2023	2024
County's Percentage of the NPL	0.05795%	0.06278%	0.06742%	0.06800%	0.09300%
County Proportionate Share of the NPL	\$11,954,141	\$14,188,998	\$10,113,853	\$13,551,175	\$21,383,316
County's Covered Payroll	\$13,771,675	\$17,047,994	\$15,378,354	\$16,664,139	\$18,189,943
Proportionate Share as % of Covered Payroll	86.8%	83.2%	65.8%	81.3%	117.6%

Source: Talbot County Annual Comprehensive Financial Reports for fiscal years 2020-2024.

Maryland State Retirement and Pension Systems Schedule of Contributions

	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$1,346,030	\$1,460,440	\$1,571,374	\$1,522,361	\$2,870,436
Actual Contribution	1,346,030	1,460,440	1,571,374	1,522,361	2,870,436
Contribution Deficiency (Excess)	-	-	-	-	-
Employer's Covered Payroll	\$14,239,334	\$17,047,994	\$15,378,354	\$16,664,139	\$18,189,943
Actual Contribution a % Covered Payroll	9.5%	8.6%	10.2%	9.1%	15.8%

Source: Talbot County Annual Comprehensive Financial Report for fiscal years 2020-2024.

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.

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

October __, 2025

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 \$_____ Maryland Environmental Service Revenue Bonds (Midshore II Regional Landfill Project) Series 2025, dated _____, 2025 (the “Series 2025 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. 25-06-1R of the Service adopted June 26, 2025, and Resolution No. 25-08-1R of the Service adopted August 21, 2025 (collectively, the “Resolution”);

(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”), as further supplemented by the Third Supplemental Indenture of Trust dated as of September 1, 2020 (the “Series 2020 Supplemental Indenture”), and as further supplemented by the Fourth Supplemental Indenture of Trust dated as of October 1, 2025 (the “Series 2025 Supplemental Indenture” and, together with the Original Indenture, the Series 2014 Supplemental Indenture, the Series 2018 Supplemental Indenture and the Series 2020 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 2025 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 Agreement 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 2025 Bonds and the nature and use of the facilities financed with the proceeds of the Series 2025 Bonds, and the representations contained in certificates delivered by the financial advisor and underwriters relating to the Series 2025 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 2025 Bonds are contained in the Indenture and the Series 2025 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 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.

(c) The Service is duly authorized and entitled to issue the Series 2025 Bonds. The Series 2025 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 2025 Bonds constitute Additional Bonds issued within the limitations and provisions of the Indenture. The Series 2025 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 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 2025 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 2025 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 including, without limitation, the Service and the Midshore Counties. Neither the State of Maryland and any political subdivision thereof nor the Service shall be obligated to pay the Series 2025 Bonds or the interest thereon except from the Revenues and other amounts pledged to the payment of the Series 2025 Bonds under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof including, without limitation, the Service and the Midshore Counties, is pledged to the payment of the principal of or the interest on the Series 2025 Bonds.

(f) By the terms of the Act, the Series 2025 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; however, the terms of the Act do not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2025 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, interest on the Series 2025 Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Code, and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

(h) The Series 2025 Supplemental Indenture is authorized and permitted pursuant to the terms of the Original Indenture. The execution and delivery of the Series 2025 Supplemental Indenture and the issuance of the Series 2025 Bonds, in and of themselves, will not adversely affect the excludability from gross income, for federal

income tax purposes, of interest on the Series 2014 Bonds, the Series 2018 Bonds or the Series 2020 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 2025 Bonds) have occurred or existed since the date of issuance of the Series 2014 Bonds, the Series 2018 Bonds or the Series 2020 Bonds, which would adversely affect the exclusion of the interest on the Series 2014 Bonds, the Series 2018 Bonds or the Series 2020 Bonds from gross income for federal income tax purposes. The exclusion from gross income of the interest on the Series 2014 Bonds, the Series 2018 Bonds and the Series 2020 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 2014 Bonds, the Series 2018 Bonds and the Series 2020 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 of the Code and the regulations thereunder or applicable thereto that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order for the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause interest on the Series 2025 Bonds to become subject to federal income taxes retroactively to their date of issuance and adversely affect the price of the Series 2025 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 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrifts or other financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations, foreign corporations subject to the branch profits tax, life insurance companies, certain high income individuals and specified trusts and estates (with respect to the Medicare tax computation), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred, certain expenses allocable to the Series 2025 Bonds. Bond Counsel expresses no opinion as to these matters. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors as to such consequences.

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-1
SERVICE AGREEMENT (AS REPRESENTATIVE OF THE SERVICE AGREEMENTS
EXECUTED AND DELIVERED BY EACH COUNTY)

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WASTE DISPOSAL SERVICE AGREEMENT

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY

Dated as of May 12, 2009

ARTICLE I	DEFINITIONS.....	3
SECTION 1.1	Definitions.....	3
ARTICLE II	OBLIGATIONS RELATING TO DELIVERY AND ACCEPTANCE OF WASTE; OPERATING PROCEDURES; CLOSURE OF HOBBS ROAD LANDFILL.....	10
SECTION 2.1	Delivery and Acceptance of Waste.....	10
SECTION 2.2	Commencement of Operations; Subcontracting.....	11
SECTION 2.3	Receiving Hours.....	11
SECTION 2.4	Emergency Operation.....	11
SECTION 2.5	Additional Hours of Operation.....	12
SECTION 2.6	Repairs and Maintenance.....	12
SECTION 2.7	Access and Security.....	12
SECTION 2.8	Regulatory Requirements.....	13
SECTION 2.9	Weighing Records.....	13
SECTION 2.10	Ownership of Waste.....	13
SECTION 2.11	Returned and Rejected Waste; Recovered Materials.....	13
SECTION 2.12	Manner of Deliveries.....	14
SECTION 2.13	Refusal of Deliveries.....	14
SECTION 2.14	Deliveries.....	15
SECTION 2.15	Other Contracts for Waste Delivery.....	15
SECTION 2.16	Closure of Hobbs Road Landfill.....	15
ARTICLE III	RESOURCE RECOVERY.....	16
SECTION 3.1	Sale of Recovered Materials.....	16
ARTICLE IV	DOCUMENTS TO BE DELIVERED.....	16
SECTION 4.1	Documents to be Delivered.....	16
ARTICLE V	ESTIMATED TONNAGE, COSTS AND REVENUE PAYMENTS.....	16
SECTION 5.1	Estimated Annual Tonnage, Costs and Revenue.....	16
SECTION 5.2	Tipping Fees.....	16
SECTION 5.3	Tipping Fee Payments.....	17
SECTION 5.4	Supplemental Fee; Quarterly Estimated Payments.....	17
SECTION 5.5	Payment for Out-of-Hours Deliveries.....	18
SECTION 5.6	Late Payment.....	18

SECTION 5.7	No Set-Off, Etc	18
SECTION 5.8	Estimates of Tipping Fee and Supplemental Fees; County Budgeting Obligations	19
SECTION 5.9	Mid-Shore Counties Solid Waste Disposal Service Fund, Reserves, Accounts, and Reports.....	19
SECTION 5.10	Audit; Year-end Adjustment.....	20
SECTION 5.11	Mid-Shore I Costs; Mid-Shore I Special Purpose Fund	20
ARTICLE VI	COUNTY AND SERVICE REPRESENTATIVES	21
SECTION 6.1	Regular Meetings	21
ARTICLE VII	INSURANCE.....	21
SECTION 7.1	Insurance	21
ARTICLE VIII	DEFAULT AND TERMINATION	21
SECTION 8.1	Remedies for Default	21
SECTION 8.2	Events of Default by the Service	21
SECTION 8.3	Events of Default by the County.....	22
SECTION 8.4	Termination on Default.....	23
SECTION 8.5	Survival of Certain Rights and Obligations	23
SECTION 8.6	Option to Terminate at any Time	23
SECTION 8.7	Amounts Due Upon Termination of Agreement	23
SECTION 8.8	Transfer of Property Upon Termination	24
ARTICLE IX	TERM	24
SECTION 9.1	Term.....	24
ARTICLE X	REPRESENTATIONS AND WARRANTIES.....	25
SECTION 10.1	Representations and Warranties of the County.....	25
SECTION 10.2	Representations and Warranties of the Service	26
ARTICLE XI	MISCELLANEOUS	26
SECTION 11.1	Uncontrollable Circumstance.....	26
SECTION 11.2	Assignment	27
SECTION 11.3	Relationship of the Parties	27
SECTION 11.4	Notices	27
SECTION 11.5	Entire and Complete Agreement.....	28
SECTION 11.6	Binding Effect.....	28

SECTION 11.7	Other Documents	28
SECTION 11.8	Applicable Law	28
SECTION 11.9	Headings	28
SECTION 11.10	Counterparts	29
SECTION 11.11	Amendment or Waiver, Etc	29
SECTION 11.12	Waiver of Sovereign Immunity	29
SECTION 11.13	Conditions Precedent	29
SECTION 11.14	Limitation of Liability.....	30
SECTION 11.15	Severability	30
Schedule 1		32

WASTE DISPOSAL SERVICE AGREEMENT

THIS WASTE DISPOSAL SERVICE AGREEMENT, is made and entered into as of the 12th day of May, 2009, by and between County Commissioners of Queen Anne's County (the "County"), a body politic and corporate and a political subdivision of the State of Maryland, and Maryland Environmental Service (the "Service"), an instrumentality of the State of Maryland constituted as a body politic and corporate.

RECITALS

A. County Commissioners of Caroline County, County Commissioners of Queen Anne's County, Talbot County, Maryland and County Commissioners of Kent 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.

B. 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 resource recovery which may be achieved through a regional solid waste disposal system.

C. The Service is empowered to assist the Mid-Shore Counties in providing solid waste disposal services.

D. Pursuant to the Mid-Shore I Project Documents (as defined in Section 1.1), the Service undertook the planning, design, permit acquisition, financing, construction, and operation of a new landfill located in Talbot County, Maryland, near the Town of Easton (as defined in Section 1.1, the "Mid-Shore I Landfill") and the Mid-Shore Counties entered into the Prior Waste Disposal Service Agreements (as defined in Section 1.1), 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.

E. The Mid-Shore I Landfill will be closed on December 31, 2010 and the Prior Waste Disposal Service Agreements will expire on March 1, 2011. In the Memorandum of Understanding dated February 4, 2005 (as defined in Section 1.1, the "Mid-Shore II MOU"), the Service agreed to proceed with the planning, design, permit acquisition, financing, construction, and operation of a new landfill to be located in Caroline County, Maryland (as defined in Section 1.1, the "Mid-Shore II Landfill"), to accept solid waste generated within the boundaries of the Mid-Shore Counties upon the closure of the Mid-Shore I Landfill.

F. The Mid-Shore Counties have determined that it is in the public interest of each of them to continue their binding, long-term commitments to the Service for the disposal of solid waste generated within the boundaries of the Mid-Shore Counties. The Mid-Shore Counties are entering into agreements with the Service substantially identical in form and substance to this Waste Disposal Service Agreement. Such agreements,

together with this Waste Disposal Service Agreement are collectively referred to herein (as defined in Section 1.1, the "Waste Disposal Service Agreements")

G. The Mid-Shore II Landfill is to be designed to have sufficient capacity to provide for the disposal of the solid waste collected in the Mid-Shore Counties for approximately twenty years and is intended to be the site to which solid wastes are delivered under this Agreement.

H. In connection with the Mid-Shore II MOU and the Waste Disposal Service Agreements, the Service has taken title to the site for the Mid-Shore II Landfill pursuant to a deed from Caroline County, Maryland (as defined in Section 1.1, the "Mid-Shore II Deed"). The Service will also undertake closure construction and post-closure monitoring of the Mid-Shore I Landfill and the Hobbs Road Landfill upon the opening of the Mid-Shore II Landfill.

I. It is anticipated that the Service will issue Indebtedness (as defined in Section 1.1, "Indebtedness") initially in order to finance the acquisition, design, construction and equipping of the Mid-Shore II Landfill, and that this Indebtedness will be repaid by approximately level debt payments over the expected twenty year useful life of the Mid-Shore II Landfill. It is also anticipated that from time to time additional shorter term Indebtedness will be issued to provide for construction required to develop the Mid-Shore II Landfill to its full capacity. It is also contemplated and agreed by the Service and the County that the Service, with the prior written consent of the County, may issue Indebtedness in order to acquire, design, construct and equip Alternative Sites so that the Service can satisfy its waste disposal obligations under this Agreement. The security for the Service's obligation to repay the Indebtedness so issued, and for any Indebtedness that may be issued to provide solid waste disposal services under this Agreement, will include a security interest in favor of the trustee for Indebtedness in the receipts of the Service under the Waste Disposal Service Agreements, along with such other security as may be provided or arranged for by the Service.

J. The Service will establish within its own funds and accounts a Special Purpose Fund (as defined in Section 1.1, the "Special Purpose Fund") for Mid-Shore II Waste Disposal Services, and will maintain discrete accounting records of all transactions relating thereto.

K. It is anticipated that the Service will establish, charge, and collect fees from users, at rates and in amounts sufficient to pay the Total Costs (defined herein) of its waste disposal services under the Waste Disposal Service Agreements. The Mid-Shore Counties agree in the Waste Disposal Service Agreements to pay the Supplemental Fee (defined herein) necessary to make up for any shortfall in Landfill Revenues (defined herein) to pay Total Costs.

L. The County desires to enter into the arrangements provided for herein for the disposal by the Service of solid waste generated within the County and delivered hereunder and has determined that it is willing to bear all of the costs incurred by the Service in disposing of waste so delivered.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.1 Definitions.

The following are definitions of certain terms used in this Agreement.

"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 this Waste Disposal Service Agreement between the Service and the County, as the same may from time to time be amended, modified or supplemented in accordance with the terms hereof.

"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 this 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 this 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 this 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 this 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 Sections 8.2 and 8.3.

"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 this 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 Waste Disposal 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 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 this 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" has the meaning given in Recital Clause A.

"Mid-Shore I Costs" means "Total Costs" as defined in the Prior County Waste Disposal Service Agreement.

"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 Project Documents" means, collectively, (i) the Memorandum of Understanding for a Regional Landfill Project executed by the Mid-Shore Counties, dated May 13, 1986, (ii) the resolutions adopted by each of the legislative bodies of the Mid-Shore Counties approving the Prior Waste Disposal Service Agreements, (iii) the Mid-Shore Regional Landfill Contract, dated March 8, 1988, and executed by representatives of the Mid-Shore Counties and the Service and (iv) the Memorandum of Understanding Between the Mid-Shore Counties and the Service, dated July 27, 1988, and executed by representatives of the Mid-Shore Counties and the Service.

"Mid-Shore I Special Purpose Fund" means the "Special Purpose Fund" created pursuant to the Prior Waste Disposal Service Agreements.

"Mid-Shore I Termination Date" means the termination date of the Prior County Waste Disposal Service Agreement under Section 9.1 thereof.

"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, Maryland to the Service and referred to in Recital Clause H.

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

"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 Waste Disposal Service 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.

"Prior County Waste Disposal Service Agreement" means the Waste Disposal Service Agreement dated as of February 15, 1990 by and between the Service and the County.

"Prior Waste Disposal Service Agreements" means, collectively, (i) the Prior County Waste Disposal Service Agreement, (ii) the Waste Disposal Service Agreement dated as of September 15, 1992 by and between the Service and County Commissioners of Kent County, (iii) the Waste Disposal Service Agreement dated as of February 15, 1990 by and between the Service and Talbot County, Maryland, and (iv) the Waste Disposal Service Agreement dated as of February 15, 1990, by and between the Service and County Commissioners of Caroline County.

"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" has the meaning specified in Section 2.3.

"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 this Agreement and described in Section 5.9.

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

"Tipping Fee" means the per ton fee payable for solid waste disposal services pursuant to this 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 this 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 Waste Disposal Service 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 this 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 Waste Disposal Service 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 this 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 hereunder.

"Waste Disposal Service Agreements" has the meaning given in Recital Clause F.

ARTICLE II
OBLIGATIONS RELATING TO DELIVERY AND
ACCEPTANCE OF WASTE; OPERATING PROCEDURES; CLOSURE OF HOBBS
ROAD LANDFILL

SECTION 2.1 Delivery and Acceptance of Waste.

(a) Prior to Commercial Operations Date

Prior to the Commercial Operations Date, the County shall deliver or cause to be delivered to the Service Acceptable Waste in accordance with the Prior County Waste Disposal Service Agreement and the provisions of such agreement shall govern all aspects of the delivery of solid waste by the County to the Service.

(b) After Commercial Operations Date

Beginning on the Commercial Operations Date and throughout the term of this Agreement, but subject to the provisions of this Section 2.1(b) and of Sections 2.11, 2.12 and 2.13 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 this 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 this Agreement or an Event of Default under this 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 this Agreement or an Event of Default under this Agreement by the Service.

The Service and the County agree that for the first complete Fiscal Year of solid waste disposal services provided under this Agreement, and for any fraction of a year of

such services provided prior thereto, the Service may use the solid waste tonnage estimates agreed to by the Service and the County in estimating Total Costs of solid waste disposal services in establishing the Tipping Fee.

SECTION 2.2 Commencement of Operations; Subcontracting.

The Service's current 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 this 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 this Agreement.

SECTION 2.3 Receiving Hours.

The Service shall keep the Mid-Shore II Landfill open (or use reasonable efforts to cause any other Disposal Site to be kept open) for the receiving of Acceptable Waste from 7 a.m. until 3:30 p.m. Monday through Friday and from 9 a.m. until 2 p.m. on Saturdays, except Holidays (as defined in Section 1.1, the "Receiving Hours"). The estimate to be given to the County pursuant to Section 5.8 of this Agreement shall be accompanied by a statement indicating the days of the week on which the Service will observe any Holidays during the next calendar year.

SECTION 2.4 Emergency Operation.

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). Additional charges for deliveries under this Section 2.4 of Acceptable Waste at hours other than the Receiving Hours shall be payable by the County as provided in Section 5.5.

SECTION 2.5 Additional Hours of Operation.

The Service, at its discretion, may keep the Mid-Shore II Landfill open until 7 p.m., Monday through Saturday, or such later hours as shall be permitted by the Mid-Shore Counties, and upon the request of the County, may agree to receive Acceptable Waste at hours other than the Receiving Hours to the extent permitted by Applicable Law. The Service shall receive Acceptable Waste at hours other than the Receiving Hours to the extent permitted by Applicable Law if the County shall have given the Service 14 days' prior written notice of the delivery thereof. Additional charges for operations outside of Receiving Hours pursuant to this Section 2.5 shall be payable by the County as provided in Section 5.5.

SECTION 2.6 Repairs and Maintenance.

Except as otherwise provided herein, 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 this 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.

SECTION 2.7 Access and Security.

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 herein provided and (ii) have been retained by the County to comment upon or evaluate such information.

SECTION 2.8 Regulatory Requirements.

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.

SECTION 2.9 Weighing Records.

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.

SECTION 2.10 Ownership of Waste

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

SECTION 2.11 Returned and Rejected Waste: Recovered Materials.

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 this Section 2.11 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 this Section 2.11 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.

SECTION 2.12 Manner of Deliveries.

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 their 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.

SECTION 2.13 Refusal of Deliveries.

(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 hereunder, 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.

SECTION 2.14 Deliveries.

Deliveries of Acceptable Waste hereunder shall be substantially in accordance with schedules reasonably determined by the Service after consultation with the Mid-Shore Counties and incorporated in the rules and regulations adopted by the Service with respect thereto. Such scheduling shall not unreasonably impede the ability of each Mid-Shore County to deliver efficiently normal amounts of Acceptable Waste generated within the County and delivered to the Service. The County shall cooperate with the Service in the development and implementation of such scheduling procedures.

SECTION 2.15 Other Contracts for Waste Delivery.

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 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). Anything in this Agreement 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 a Waste Disposal 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 Waste Disposal Service Agreement which can be cured, the Service shall provide the Mid-Shore Counties not in default under the Waste Disposal Service 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.

SECTION 2.16 Closure of Hobbs Road Landfill.

In accordance with Section 13 of the Agreement of Transfer by and between the County Commissioners of Caroline County and the Service, dated May 12, 2008, 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 Waste Disposal Service Agreement is terminated by either of the parties to such Agreement.

ARTICLE III RESOURCE RECOVERY

SECTION 3.1 Sale of Recovered Materials.

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.

ARTICLE IV DOCUMENTS TO BE DELIVERED

SECTION 4.1 Documents to be Delivered.

The Service shall deliver to the County conformed copies of each of the Mid-Shore II Project Documents as soon as practicable after the execution of each thereof. The Service shall also deliver to the County the proposed form of any Trust Indenture as soon as practicable after the execution and delivery of this Agreement.

ARTICLE V ESTIMATED TONNAGE, COSTS AND REVENUE PAYMENTS

SECTION 5.1 Estimated Annual Tonnage, Costs and Revenue.

The initial (non-binding) estimated annual tonnage of Acceptable Waste expected to be generated in the Mid-Shore Counties and delivered to the Service under the Waste Disposal Service Agreements is set forth in Schedule 1 hereto, along with initial (non-binding) estimates of Total Costs and Landfill Revenues.

SECTION 5.2 Tipping Fees.

(a) Tipping Fee for Delivered Waste, Etc.

In addition to the Supplemental Fee provided in Section 5.4, the County shall pay to the Service as provided in Section 5.3 a tipping fee (the "Tipping Fee") for each ton of Acceptable Waste that it delivers to the Service and is accepted for disposal hereunder. 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.

(b) Procurement of Waste.

The County acknowledges that it is obligated at all times during the term hereof 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 this Agreement shall not interfere with the obligations of the County under Applicable Law to recycle solid waste.

(c) Waste Delivered by Private Haulers.

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); 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.

SECTION 5.3 Tipping Fee Payments.

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.

SECTION 5.4 Supplemental Fee; Quarterly Estimated Payments.

Notwithstanding any other provision of this 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 this Agreement represent reasonable terms for the payment by the County of the cost of disposing of Acceptable Waste hereunder.

The County's Proportionate Share of the Supplemental Fee shall be payable in four estimated quarterly payments calculated as provided in this paragraph. 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.

SECTION 5.5 Payment for Out-of-Hours Deliveries.

The Service shall establish and make available to the County a schedule of charges for deliveries of Acceptable Waste outside of Receiving Hours pursuant to Section 2.4 or 2.5, 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 hereunder 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.

SECTION 5.6 Late Payment.

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

SECTION 5.7 No Set-Off, Etc

The obligation of the County to pay the amounts to be paid by it from time to time hereunder 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 hereunder 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 this 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 shall not otherwise affect the rights of the County under Article VIII of this Agreement.

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

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 this 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 this 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 this 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 this Agreement shall excuse, limit, impair or extend the time of performance or payment of any of its obligations hereunder, 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 hereunder prove to be inaccurate.

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

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 Waste Disposal Service Agreements. 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 this 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 this Agreement.

SECTION 5.10 Audit; Year-end Adjustment.

(a) Audit Scope.

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 this 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.

(b) Adjustments for Deficiency or Excess of Landfill Revenues.

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.

SECTION 5.11 Mid-Shore I Costs; Mid-Shore I Special Purpose Fund.

(a) Prior to the Mid-Shore I Termination Date, all Mid-Shore I Costs shall be paid in accordance with the Prior County Waste Disposal Service Agreement. On and after the Mid-Shore I Termination Date, all Mid-Shore I Costs, regardless of the date such costs are incurred, shall be considered "Total Costs" hereunder and paid in accordance with the provisions of this Agreement.

(b) Prior to the Mid-Shore I Termination Date, the Service may use surplus operating funds in the Mid-Shore I Special Purpose Fund as provided in the Mid-Shore II MOU. Promptly after the Mid-Shore I Termination Date, the Service shall transfer any remaining funds on deposit in the Mid-Shore I Special Purpose Fund to the Special Purpose Fund.

ARTICLE VI
COUNTY AND SERVICE REPRESENTATIVES

SECTION 6.1 Regular Meetings.

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 this Agreement. The Service shall make a good faith effort to implement any recommendation consistent with this Agreement 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.

ARTICLE VII
INSURANCE

SECTION 7.1 Insurance.

The Service shall obtain and keep in force, during the term of this 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 this Agreement shall be deemed a waiver of any immunity possessed by the Service which has not been waived by statute.

ARTICLE VIII
DEFAULT AND TERMINATION

SECTION 8.1 Remedies for Default.

In the event of the breach by any party of an obligation under this 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 this 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.

SECTION 8.2 Events of Default by the Service.

The persistent or repeated failure or refusal by the Service substantially to fulfill any of its material obligations in accordance with this 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 this Agreement on the part of the Service and which will, in their opinion, give the Mid-Shore Counties a right to terminate their respective Waste Disposal Service Agreements for cause under this Section 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 8.2), 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 8.2, if it has been alleviated to the degree that its existence no longer makes damages an inadequate remedy.

SECTION 8.3 Events of Default by the County.

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 this 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 this Agreement other than those described in paragraph (a) of this Section, 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 this Agreement on the part of the County and which will, in its opinion, give the Service a right to terminate this Agreement for cause under this Section 8.3(b) 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 8.3(b)), 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 8.3, if it has been alleviated to the degree that its existence no longer makes damages an inadequate remedy.

SECTION 8.4 Termination on Default.

If any party shall have a right of termination for cause in accordance with the second sentence of Section 8.1, 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.

SECTION 8.5 Survival of Certain Rights and Obligations.

The rights and obligations of the parties under Section 2.7 with respect to the non-disclosure of confidential information and Article XI shall survive any termination of this Agreement. No termination of this Agreement under Section 8.4 or otherwise hereunder shall limit or otherwise affect the respective rights and obligations of either party accrued prior to the date of such termination.

SECTION 8.6 Option to Terminate at any Time.

The County shall have, and is hereby granted, the option to terminate this Agreement at any time (a) by obtaining agreement of the other Mid-Shore Counties as to the termination of this Agreement and upon termination by the other Mid-Shore Counties of the Waste Disposal Service Agreements to which they are parties, (b) by paying to the Service the amount set forth in Section 8.7 hereof, (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.

SECTION 8.7 Amounts Due Upon Termination of Agreement.

In the event the County exercises its options under Section 8.6 to terminate this 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 this Agreement and closing down its direct operations and support activities under this Agreement; and

(d) An amount specified by the Service sufficient to provide for any other obligations relating to this 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 this Agreement.

SECTION 8.8 Transfer of Property Upon Termination.

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 this 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.

ARTICLE IX TERM

SECTION 9.1 Term.

This Agreement shall enter into effect on the date hereof and, unless sooner terminated in accordance with the terms hereof, 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.

ARTICLE X
REPRESENTATIONS AND WARRANTIES

SECTION 10.1 Representations and Warranties of the County.

The County hereby makes the following representations, warranties and agreements to and for the benefit of the Service.

(a) The County is a political subdivision of the State of Maryland and a body politic and corporate, duly organized and validly existing under the constitution and laws of the State of Maryland, with full legal right, power and authority to enter into and perform its obligations under this Agreement.

(b) The County has duly authorized the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by the County and constitutes a legal, valid and binding obligation of the County, enforceable against the County in accordance with its term.

(c) Neither the execution or delivery by the County of this Agreement, nor the performance by the County of its obligations in connection with the transactions contemplated hereby or the fulfillment by the County of the terms or conditions hereof (i) conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to the County, (ii) conflicts with, violates or results in a breach of any term or condition of any judgment or decree, or any agreement or instrument, to which the County is a party or by which the County or any of its properties or assets are bound, or constitutes a default thereunder or (iii) will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the County.

(d) No approval, authorization, order or consent of, or declaration, registration or filing with, any governmental authority is required for the valid execution and delivery of this Agreement by the County, except such as have been duly obtained or made.

(e) There is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of the County's knowledge, threatened, against the County, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations hereunder or in connection with the other transactions contemplated hereby or which, in any way, would adversely affect the validity or enforceability of this Agreement or any agreement or instrument entered into by the County in connection with the transactions contemplated hereby.

(f) It is the intention of the parties hereto that the interest on the Indebtedness issued to finance the Mid-Shore II Landfill be and remain excludable from gross income for federal tax purposes and the County agrees to take or refrain from taking any and all action necessary to maintain the excludability from gross income for federal tax purposes of the interest on such Indebtedness; provided, however, that the County shall have no

obligation under this paragraph to take or refrain from taking any action unless advised in writing by the Service.

SECTION 10.2 Representations and Warranties of the Service.

The Service hereby makes the following representations and warranties to and for the benefit of the County:

(a) The Service is a body politic and corporate and a public instrumentality of the State of Maryland, duly organized and validly existing under the constitution and laws of the State of Maryland, with full legal right, power and authority to enter into and perform its obligations under this Agreement.

(b) The Service has duly authorized the execution and delivery of this Agreement and the Waste Disposal Service Agreements have been duly executed and delivered by the Service and constitute legal, valid and binding obligations of the Service, enforceable against the Service in accordance with their respective terms.

(c) Neither the execution or delivery by the Service of this Agreement, nor the performance by the Service of its obligations in connection with the transactions contemplated by this Agreement, or the fulfillment by the Service of the respective terms or conditions hereof (i) conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to the Service, or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment or decree, or any agreement or instrument, to which the Service is a party or by which the Service or any of its properties or assets are bound, or constitutes a default thereunder.

(d) No approval, authorization, order or consent of, or declaration, registration or filing with, any governmental authority is required for the valid execution and delivery of this Agreement by the Service, except such as have been duly obtained or made.

(e) There is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of the Service's knowledge, threatened, against the Service, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the Service of its obligations hereunder or in connection with the transactions contemplated hereof, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by the Service in connection with the transactions contemplated hereby.

ARTICLE XI
MISCELLANEOUS

SECTION 11.1 Uncontrollable Circumstance.

Each party hereto shall be excused for its failure to perform in accordance with this Agreement any obligation required to be performed by it hereunder, 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 hereunder in accordance with the terms hereof or (ii) the Service from accepting and disposing of waste as provided hereunder. 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 this Section 11.1 shall give prompt notice thereof to the other party.

SECTION 11.2 Assignment.

This 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 hereunder 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 11.2, the County shall be notified thereof in writing and shall make payments due hereunder to such Person as may be designated by such assignee in such notice or otherwise.

SECTION 11.3 Relationship of the Parties.

No party to this Agreement shall have any responsibility whatsoever with respect to services provided or contractual obligations assumed by the other party and nothing in this Agreement shall be deemed to constitute either party a partner, agent, or local representative of the other party or to create any fiduciary relationship between the parties.

SECTION 11.4 Notices.

All notices, consents, invoices and other communications required, permitted or otherwise delivered under this Agreement shall (except as permitted under Section 2.1(b)) be in writing and may be telexed, cabled, sent by facsimile, delivered by hand or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and in any case shall be addressed as follows:

If to the County:

County Office Building
107 North Liberty Street
Centreville, Maryland 21617
Attention: President of the Board of County Commissioners

If to the Service:

Maryland Environmental Service
259 Najoles Road
Millersville, Maryland 21108
Attention: Director

Changes in the respective addresses to which such notices, consents, invoices or other communications may be directed and may be made from time to time by either party by notice to the other party. Notices and consents given by mail in accordance with this Section 11.4 shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

SECTION 11.5 Entire and Complete Agreement.

This Agreement (including all Schedules to this Agreement) constitutes the entire and complete agreement of the parties with respect to its subject matter and supersedes all prior or contemporaneous understandings, arrangements, commitments and representations, all of which, whether oral or written, are merged into this Agreement. The Schedules to this Agreement are an integral part hereof and must be afforded full force and effect as though incorporated in their entirety in the Articles hereof.

The Prior County Waste Disposal Service Agreement shall remain in full force and effect in accordance with its terms and each party agrees to continue to diligently perform their respective obligations thereunder. Except for Section 5.11(b), nothing in this Agreement shall be construed to be an amendment to the Prior County Waste Disposal Service Agreement.

SECTION 11.6 Binding Effect.

This Agreement shall bind and inure to the benefit of the parties to this Agreement and any successor or assignee acquiring an interest hereunder.

SECTION 11.7 Other Documents.

Each party promises and agrees to execute and deliver any instruments and to perform any acts which may be necessary or reasonably requested by the other party in order to give full effect to this Agreement.

SECTION 11.8 Applicable Law.

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

SECTION 11.9 Headings.

Captions and headings in this Agreement are for ease of reference only and do not constitute a part of this Agreement.

SECTION 11.10 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

SECTION 11.11 Amendment or Waiver, Etc.

Neither this Agreement nor any provision hereof may be changed, modified, amended or waived except by a written instrument signed by the party against whom enforcement of such change, modification, amendment or waiver is sought.

SECTION 11.12 Waiver of Sovereign Immunity.

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

SECTION 11.13 Conditions Precedent.

The obligations and liabilities of the Service and the County under this Agreement are subject to the satisfaction of each of the following conditions precedent or the waiver thereof (by both parties as to condition (1) and by the Service as to the remaining conditions):

- (1) Each of the other Mid-Shore Counties shall have executed a Waste Disposal Service Agreement with the Service.
- (2) All County and other governmental approvals, permits, licenses and authorizations required in connection with this Agreement and the construction and operation of the Mid-Shore II Landfill shall have been given or obtained to the satisfaction of the Service;
- (3) The financing of the Mid-Shore II Landfill by the Service shall have been completed and the Service shall have received all opinions and other matters reasonably required by the Service in connection therewith;
- (4) The County and each of the other Mid-Shore Counties shall have identified to the satisfaction of the Service a suitable site within its boundaries for use as a solid waste disposal site; and

- (5) All representations set forth herein shall be true and correct as of such date and no action, suit or proceeding shall have been threatened, announced, or commenced challenging the validity of such financing, this or related Waste Disposal Service Agreements or the Mid-Shore II Landfill project.

SECTION 11.14 Limitation of Liability.

The obligations of the Service under this 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 Waste Disposal Service Agreements. The obligations of the Service hereunder 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 this 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 this 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 this Agreement.

SECTION 11.15 Severability.

In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the parties hereto shall negotiate in good faith and agree as to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties as reflected herein, and the other provisions of this Agreement shall, as so amended, modified or supplemented, or otherwise affected by such action, remain in full force and effect.

IN WITNESS WHEREOF, the Service and the County have executed and sealed
this Agreement as of May 12th, 2009.

[SEAL]

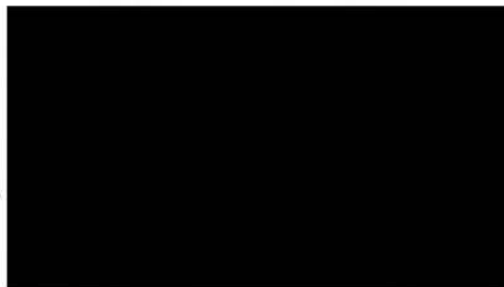


COUNTY COMMISSIONERS OF
QUEEN ANNE'S COUNTY



President of the Board of
County Commissioners

[SEAL]



Schedule 1 to Waste Disposal Service Agreement

A. Initial Estimated Annual Tonnage of Waste –

_____ 1, 20__ to June 30, 201__

B. Initial Estimated Total Costs –

_____ 1, 20__ to June 30, 201__ \$ _____

C. Initial Estimated Landfill Revenues –

_____ 1, 20__ to June 30, 201__ \$ _____

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Schedule 1 to Waste Disposal Service Agreement

A.	Initial Estimated Annual Tonnage of Waste – January 1, 2011 to December 31, 2011	<u>153,712 tons</u>
B.	Initial Estimated Total Costs – January 1, 2011 to December 31, 2011	<u>\$ 6,884,586</u>
C.	Initial Estimated Landfill Revenues – January 1, 2011 to December 31, 2011	<u>\$ 8,257,060</u>

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APPENDIX C-2
2024 MOU (AS REPRESENTATIVE OF THE 2024 MOUS EXECUTED AND
DELIVERED BY EACH COUNTY)

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**AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN THE
MIDSHORE REGIONAL COUNTIES
AND THE
MARYLAND ENVIRONMENTAL SERVICE
FOR SOLID WASTE DISPOSAL**

THIS AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING (“This Memorandum”) made this 12th day of July, 2024, by and between the County Commissioners of Caroline County (“Caroline”), the County Commissioners of Kent County (“Kent”), the County Commissioners of Queen Anne’s County (“Queen Anne’s”), the Talbot County Council (“Talbot”) (the four counties collectively being the “Midshore Counties”) and the Maryland Environmental Service (“MES”).

PURPOSE

The purpose of this Memorandum is to set forth and confirm the parties’ respective obligations for the development, operation and closing by the Maryland Environmental Service of solid waste facilities that, based on current estimates for remaining permitted airspace at the Midshore II landfill, will serve the Midshore Counties through at least the year 2083.

BACKGROUND

Since the early 1980’s MES, Caroline, Queen Anne’s and Talbot have been working together to develop and implement a regional solution to those counties’ 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 then agreed in May, 1986, to move forward with a regional landfill project.

In March, 1988, the three counties and MES executed a contract (“1988 Contract”) whereby MES agreed to develop the regional landfill, including preparing the detailed engineering design of the facility, acquire all necessary federal, State and local permits and approvals, issue

bonds to finance the cost of the new landfill, construct and then operate the project. The 1988 Contract obligated the three counties, and not MES, to select a site for the landfill.

Later that year, in July 1988, MES and Caroline, Queen Anne's and Talbot signed a Memorandum of Understanding ("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 Midshore Regional Landfill ("Midshore I") and designated the site of the landfill to be on a parcel of land adjacent to the Easton Landfill. MES was directed to take the lead in acquiring the site. Caroline and Queen Anne's 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. The parties also undertook to determine, by September, 1988, the most suitable method of securing revenues adequate to construct and operate the landfill and make provisions for the payment of debt service, including, but not limited to, MES establishing a solid waste service district pursuant to the MES Act, Title 3, Subtitle 1, Natural Resources Article, Annotated Code of Maryland. ("MES Act").

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

To finance the cost of designing and constructing Midshore I, 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, to finance a portion of the construction of Midshore I, and the closure of the Easton Landfill. The parties agreed that MES would not need to establish a MES service district.

Midshore I opened in 1991. In September 1992 Kent entered into a Service Agreement with MES to become the fourth Midshore County participating in the Midshore I project. MES successfully operated Midshore I for twenty years. In conjunction with the development of additional cells at Midshore I MES issued additional debt. By agreement of MES and the Midshore Counties, Midshore I stopped accepting solid waste on December 31, 2010. MES subsequently constructed a closure cap at Midshore I in accordance with MDE regulations. MES continues to

perform post-closure monitoring at Midshore I and the Easton Landfill. Under an agreement with Talbot, MES operates a homeowner drop-off facility and a small transfer station at Midshore I. The waste received at these two facilities is then transferred to Midshore II by MES.

In 2005 MES and the Midshore Counties entered into a Memorandum of Understanding ("2005 MOU"). Pursuant to the 2005 MOU Caroline provided a site adjacent to the Holly Road Landfill for construction of a second Midshore regional landfill ("Midshore II"). MES designed, obtained permits for, and constructed Midshore II, which opened in January, 2011. MES has successfully operated Midshore II since it opened.

In accordance with the 2005 MOU MES also designed and constructed the closure cap and has performed post-closure monitoring and closure cap maintenance at Caroline's Hobbs Road Landfill. MES was authorized to utilize surplus operating funds from Midshore I, as well as the proceeds of additional debt it issued, for the design and construction of the Hobbs Road Landfill closure cap.

To finance the cost of designing and constructing Midshore II, closing Midshore I, closing the Hobbs Road Landfill and undertaking other Midshore projects, MES has issued a series of revenue bonds. As of April, 2024, MES has outstanding \$ 17,712,000 in debt for Midshore II and the other projects.

Pursuant to Waste Disposal Service Agreements executed by and between each of the Midshore Counties and MES ("Service Agreements"), MES is authorized to charge a tipping fee for each ton of solid waste accepted at Midshore II. If the sum of the tipping fees, plus any other revenues made available to MES are not sufficient to pay the total costs incurred by MES in operating Midshore II, including any debt service, the Service Agreements require the Midshore Counties to pay to MES a supplemental fee to make up the difference. To date, the Midshore Counties have never had to pay a supplemental fee.

The 2005 MOU included a provision that each of the Midshore Counties would host an active solid waste disposal facility for 20 years. The parties have since determined that Midshore II has sufficient solid waste disposal capacity, as measured by permitted air space, to remain open beyond the initial 20-year period. The parties recognize that operating Midshore II for more than 20 years will delay the need for MES to issue additional debt to fund the development of Midshore III, and the closure of Midshore II. By delaying the issuance of additional debt, and fully utilizing

the capacity at Midshore II, MES will be able to spread the total costs of operating Midshore II over a longer period, which will benefit all citizens of the Midshore Counties.

The parties also recognize that by continuing to operate Midshore II for a period longer than 20 years Caroline will be impacted. The parties have determined that such impacts can be addressed by MES paying Caroline a Host Fee, as described in this Memorandum.

Each of the Midshore Counties, and MES, acknowledge and agree that the solid waste disposal needs of the Midshore region are best served by development of regional solid waste disposal facilities constructed, financed, and operated by MES.

ARTICLE I

CONFIRMATION OF THE WASTE DISPOSAL SERVICE AGREEMENTS

The Parties hereto expressly confirm that the Service Agreements by and between MES and each of the Midshore Counties are in full force and effect. The Parties further acknowledge that no party to the Service Agreements is in any way in default thereunder. Each Party agrees to continue to diligently perform their respective obligations under the Service Agreements. Nothing in this Memorandum shall be construed to be an amendment to any Service Agreement.

ARTICLE II

OBLIGATIONS OF THE MIDSHORE COUNTIES

Section 2.01. Designation of Solid Waste Disposal Sites

- A. The Parties acknowledge and agree that Talbot has met its obligation to provide a site for a regional solid waste disposal facility.
- B. The Parties acknowledge and agree that Caroline has met its obligations to provide a site for a regional solid waste disposal facility.
- C. The Parties acknowledge that Queen Anne's has acquired a site for a third Midshore regional solid waste disposal facility ("Midshore III"). Queen Anne's has represented that the site has sufficient developable acreage to permit full implementation of the projects described in Section 3.04. Queen Anne's shall take no action, nor shall it suffer any action to be taken, or use to be made, that would

cause the site to be damaged or to be changed in any way that would diminish its usefulness as a solid waste disposal facility, or that would significantly increase the cost to develop or operate the site as a solid waste disposal facility. Queen Anne's shall convey the property to MES, or to another entity designated by the Midshore Counties, for reasonable and adequate consideration. Prior to December 31, 2028, Queen Anne's may designate a different site for Midshore III, but only if the site is sufficient to fully implement the projects described in Section 3.04.

- D. Unless otherwise agreed to by the Parties, in writing, within 12 years of the estimated closure date of Midshore III, but, based on current estimates on remaining permitted airspace at Midshore II, no later than December 31, 2050, Kent shall acquire all property rights necessary to develop an appropriate site for a fourth Midshore regional solid waste disposal facility ("Midshore IV"). The site shall have sufficient developable acreage to permit full implementation of the projects described in Section 3.04. Kent shall take no action, nor shall it suffer any action to be taken, or use to be made, that would cause the site to be damaged or to be changed in any way that would diminish its usefulness as a solid waste disposal facility, or that would significantly increase the cost to develop or operate the site as a solid waste disposal facility. Kent shall convey the property to MES, or to another entity designated by the Midshore Counties, for reasonable and adequate consideration.

Section 2.02. Cooperation

- A. Each Midshore County shall perform such acts, and execute and deliver such other agreements and documents, which may be necessary or reasonably requested by any other Party to give full effect to this Memorandum, or to enable any other Party to perform its obligations hereunder. The Parties acknowledge that they will develop and execute, at future dates, additional agreements further defining their respective obligations. Each Midshore County shall take all such actions as are necessary to amend their land use and zoning laws to allow the sites described in

Section 2.01 to be utilized as solid waste disposal facilities in accordance with this Memorandum.

- B. Each Midshore County shall take all such actions as are necessary to amend their respective Solid Waste Plans in a timely manner and in accordance with State law, to bring them into conformance with their respective obligations under this Memorandum.
- C. Unless otherwise excused by a subsequent written agreement, each Midshore County shall cause all municipal solid waste under its direct control to be delivered to one of the Midshore solid waste disposal facilities identified hereunder. Each Midshore County shall pay the standard tipping fee which is in effect at the time the solid waste is delivered. Each Midshore County shall also take such actions as are legally permissible to direct any municipality in a Midshore County to deliver the municipality's municipal solid waste to one of the Midshore solid waste disposal facilities identified in this Memorandum.
- D. No Midshore County will undertake the planning of, or participate in any way in, any other solid waste disposal or management project which may reasonably result in the success or the finances of facilities or projects implemented under this Memorandum being diminished or jeopardized, without first consulting with and obtaining the consent of MES and each of the other Midshore Counties.
- E. The Midshore Counties shall establish a technical advisory group to provide advice to MES on the planning, design, permitting, construction, operation, closure and post-closure monitoring of the solid waste disposal facilities contemplated by this MOU.

ARTICLE III
OBLIGATIONS OF MES

Section 3.01. Current Operations. MES shall continue to provide solid waste disposal services to the Midshore Counties as provided in the Service Agreements, as required by law, and as otherwise agreed by and between the Parties. These services generally include the current operation of Midshore II, and the post-closure monitoring of the Easton Landfill, Midshore I, and the Hobbs Road Landfill.

Section 3.02. Midshore II Road Improvements. MES will arrange for River Road to be repaved between Md. Route 480 and Holly Road, and MES will arrange for Holly Road to be repaved between River Road and the Ackerman Farm borrow site entrance. Repaving will be completed within 1 year of the date of execution of this MOU. All repaving will be made with a minimum of 2 inches of hot mix asphalt. Paving at Holly Road will include a wedge and level course to achieve 2% cross-sectional slopes.

Section 3.03. Closure of Midshore II. MES shall stop accepting solid waste for final disposal at Midshore II once the permitted airspace has been exhausted, which is estimated to be after June 30, 2042. MES shall close and cap Midshore II in accordance with the requirements of the Maryland Department of the Environment. MES shall also perform post-closure monitoring and maintenance of Midshore II for the period of time required by law.

Section 3.04. Future Solid Waste Disposal Facilities.

- A. MES shall plan for, design, obtain permits for, construct, operate, close, and conduct post-closure monitoring and maintenance for Midshore III. MES shall perform its obligations hereunder so that Midshore III shall be capable of accepting municipal solid waste for disposal on or before the date that the permitted airspace at Midshore II has been exhausted. Unless otherwise agreed by the Parties, Midshore III will be designed to meet or exceed current MDE and EPA landfill design requirements, to be capable of accepting all municipal solid waste generated in the Midshore Counties for a minimum period of twenty years from its date of initial operation, based upon US Census

population growth estimates available at the time the design is prepared. MES will not be obligated to design and construct Midshore III to be capable of accepting rubble or demolition debris, except in de minimis quantities.

- B. The Parties will determine at a future date the types of solid waste that will be accepted at Midshore IV. The Parties will also determine at a future date if the solid waste disposal needs of the Midshore Counties will be met by alternative means other than the solid waste disposal facilities contemplated at Midshore IV. Midshore IV shall be designed and constructed so as to be capable of accepting solid waste for at least 20 years.
- C. In performing its obligations under this MOU, MES will meet with and consider the advice of the Midshore technical advisory group designated pursuant to Section 2.02.E. of this MOU.

Section 3.05. Recycling. Each of the solid waste disposal facilities shall be constructed and operated in a manner that allows for the acceptance, storage and transfer of the same types of recyclable materials which MES currently manages at Midshore II. The Parties will periodically review whether other types of recyclable materials may be managed at the solid waste disposal facilities. Unless otherwise modified by the Midshore Counties, the Midshore Regional Recycling Program will continue to have primary responsibility for managing the Midshore Counties' recycling programs.

Section 3.06. Limitation of Liability. The obligations of MES under this Memorandum are limited obligations payable solely from such amounts as may be received by MES in connection with its operation of Midshore II and the provision of solid waste disposal services to the Midshore Counties under the Service Agreements, or this Memorandum. The obligations of MES shall not be payable from the general funds of MES, and the incurrence or non-performance 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 MES or upon any of its income, receipts, or revenues, except the amounts described in the immediately preceding sentence.

ARTICLE IV
ACQUISITION OF MIDSHORE III SITE

Section 4.01. Obligation to Convey Midshore III Site. Queen Anne's and MES will negotiate a formal transfer agreement and will do all things reasonably necessary to convey from Queen Anne's to MES good and clear fee simple title to the Midshore III Site no later than December 31, 2036. Queen Anne's shall take no action, nor shall it suffer any action to be taken, or use to be made of the Midshore III Site, which would cause the Midshore III Site to be damaged or to be changed in any way that would diminish its usefulness for the type of solid waste disposal facility contemplated by this Memorandum, or that would significantly increase the cost to develop or operate the site for the type of solid waste disposal facility contemplated by this Memorandum. In particular, but without limitation, Queen Anne's shall not conduct or permit any soil removal activities on the Midshore III Site, nor shall it allow or authorize the storage or disposal of any solid or hazardous waste on the Midshore III Site.

Section 4.02. Consideration for Midshore III Site. In consideration of Queen Anne's providing the Midshore III Site, MES shall manage the operation of a residential drop-off facility located on or near Harper Road, Centreville, Maryland. MES shall only accept residential solid waste and recyclable materials at that facility. The costs of operating the residential drop-off facility and transferring solid waste from that facility to Midshore III shall be included in the costs of operating Midshore III. MES shall not be obligated to operate the residential drop-off facility until Midshore III has opened to accept solid waste.

Section 4.03. Access. Queen Anne's will permit MES, and its employees, agents, and contractors, reasonable access to the Midshore III Site for purposes consistent with MES' obligations under this MOU.

ARTICLE V
FINANCIAL MATTERS

Section 5.01. Project Costs. Costs related to the obligations of MES under the Service Agreements shall continue to be paid in accordance with those Agreements.

Section 5.02. Tipping Fee And Other Fees. In consultation with the Midshore Counties, and in accordance with its obligations under the Service Agreement, MES shall charge a Tipping Fee for solid waste disposal services provided by MES pursuant to the Service Agreements. MES may also collect surcharges and other fees for tires and other materials which require special handling or disposal. All such Tipping Fees, surcharges and other fees shall be deemed Landfill Revenues, as defined in the Service Agreements. Beginning on July 1, 2025, and at the start of each Fiscal Year thereafter while Midshore II remains open to accept solid waste, MES will increase the Tipping Fee for Residential and Commercial Waste by a minimum of 1.4% of the previous year's Tipping Fee ("Annual Tipping Fee Increase"). MES may defer imposing an Annual Tipping Fee Increase if it reasonably determines that Landfill Revenues (as defined in the Service Agreements) will be sufficient to fully cover Total Costs (as defined in the Service Agreements).

Section 5.03. Caroline County Host Fee. From July 1, 2024 through the date Midshore II stops accepting waste, MES will pay Caroline County a Host Fee ("Host Fee") for each ton of Residential and Commercial Waste accepted at Midshore II. From July 1, 2024, through December 31, 2030, the Host Fee will be \$3.00 per ton. From January 1, 2031, through the date Midshore II stops accepting waste, the Host Fee will be \$6.00 per ton. All amounts paid as Host Fees will be deemed to be included in the definition of Total Costs as set forth in the Service Agreements. No Host Fee will be paid for (i) any waste or materials accepted from Caroline County's Holly Road Collection site, or (ii) brush or yard waste. MES will pay the Host Fee to Caroline County quarterly, except that MES will have no obligation to pay any Host Fee until this Memorandum becomes effective as provided in Article VI and Section 7.05. The obligation of MES to pay the Host Fee to Caroline County will begin on July 1, 2024, notwithstanding the date this Memorandum becomes effective.

Section 5.04. Future Solid Waste Disposal Facilities. The Parties will cooperate to develop and implement funding strategies for implementation of the projects to be undertaken pursuant to this Memorandum.

ARTICLE VI

TERM

This Memorandum shall become effective upon the execution and delivery of each counterpart by each of the parties, as described in Section 7.05. Unless terminated sooner by agreement of all the Parties, and based on current estimates for remaining permitted airspace at the Midshore II landfill, this Memorandum shall remain in effect until Midshore IV closes, which the Parties estimate will be on or after December 31, 2083.

ARTICLE VII

GENERAL

Section 7.01. Counties' Contractual Representatives. Each of the Midshore Counties shall designate a person to be their contractual representative, with full authority to give and receive any notice or other communication required by this Memorandum or take any action in regard to the interest of their respective County under this Memorandum.

Section 7.02. General Compliance With Laws. Each Party shall comply with all applicable federal, State and local laws which affect performance hereunder. The Counties acknowledge that MES, as an agency of the State of Maryland, is exempt from the application of local laws, unless expressly directed by the General Assembly of Maryland to comply with such laws.

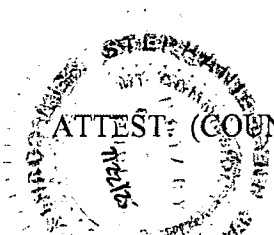
Section 7.03. Amendments. This Memorandum may be amended from time to time by written agreement, duly authorized and executed by the Parties hereto. Oral statements purporting to amend this Memorandum shall not be binding on the Parties.

Section 7.04. Other Projects. The Midshore Counties and MES acknowledge that as of the effective date of this Memorandum Queen Anne's and Kent continue to be obligated to provide, respectively, sites for Midshore III and Midshore IV. In lieu of designating a site for a solid waste disposal facility, Queen Anne's and Kent may each propose an alternative project for managing or disposing of the Midshore Counties' municipal solid waste. A proposed alternative project may not be adopted or be implemented until it has been approved by all the Midshore Counties. Unless the Midshore Counties unanimously agree otherwise, MES shall develop, implement and manage any such alternative project. In the event the Midshore Counties determine that they will not utilize MES to implement Midshore III or Midshore IV, or an alternative project, the Midshore Counties shall be obligated to provide for all costs related to the closure, maintenance, post-closure monitoring, or any other costs associated with Midshore I, Midshore II, and any other project contemplated or implemented pursuant to this Memorandum.

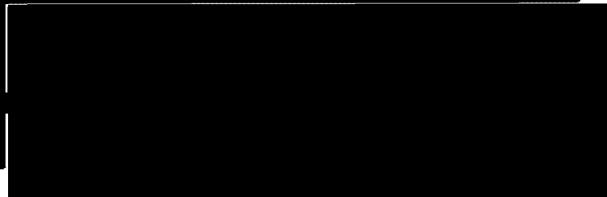
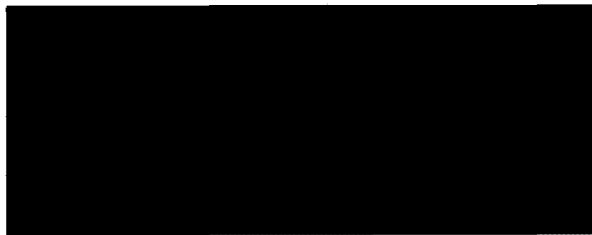
Section 7.05. Counterparts. This Memorandum may be executed in separate counterparts by MES and each of the Midshore Counties, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same agreement. This Memorandum shall not be effective until each Midshore County has executed and delivered its Memorandum.

IN WITNESS WHEREOF, the County Commissioners of Queen Anne's County and MES have signed this Memorandum to be effective the day and year first above written.

QUEEN ANNE'S COUNTY, MARYLAND



ATTEST: (COUNTY SEAL)



STEPHANIE LYNN JARRELL
Notary Public
State of Maryland
Kent County



Commissioner Jack Wilson



Commissioner Christopher Corchiarino



Commissioner Patrick McLaughlin

MARYLAND ENVIRONMENTAL SERVICE

ATTEST (AGENCY SEAL)

BY: 

Charles Glass, Ph.D., P.E., Executive Director



**APPENDIX D-1
INDENTURE**

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EXECUTION COPY

INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

\$18,275,000

MARYLAND ENVIRONMENTAL SERVICE

REVENUE BONDS

(MID-SHORE II REGIONAL LANDFILL PROJECT),

SERIES 2011

(and any Additional Bonds issued on parity therewith)

Dated as of February 1, 2011

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01.	Definitions.	4
Section 1.02.	Rules of Construction.	4

ARTICLE II AUTHORIZATION AND DETAILS OF THE SERIES 2011 BONDS; ADDITIONAL BONDS

Section 2.01.	Series 2011 Bonds Authorized.	5
Section 2.02.	Details of Bonds; Form of Bonds and Certificate of Authentication.	5
Section 2.03.	Conditions Precedent to Delivery of Series 2011 Bonds.	6
Section 2.04.	Refunding Bonds.	7
Section 2.05.	Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds.....	7
Section 2.06.	Execution and Authentication.	10
Section 2.07.	Registration and Exchange of Bonds.....	11
Section 2.08.	Bonds Mutilated, Destroyed, Lost or Stolen.	11
Section 2.09.	Cancellation and Disposition of Bonds.	12
Section 2.10.	Book-Entry of Series 2011 Bonds.	12
Section 2.11.	Subordinate Obligations Authorized.	14

ARTICLE III REDEMPTION OF SERIES 2011 BONDS

Section 3.01.	Redemption of Series 2011 Bonds and Additional Bonds; Selection of Series 2011 Bonds to Be Redeemed.....	15
Section 3.02.	Notice of Redemption.....	15
Section 3.03.	Redemption of Portion of Bond.....	17
Section 3.04.	Effect of Notice of Redemption.....	17
Section 3.05.	Purchase in Lieu of Redemption	17

ARTICLE IV REVENUES AND FUNDS

Section 4.01.	Creation of Funds and Accounts.	18
Section 4.02.	Application of Proceeds of Series 2011 Bonds; Refunding Fund.	18
Section 4.03.	Construction Fund: Deposit and Application of Moneys.	19
Section 4.04.	Completion of the Project and Additional Facilities.	19
Section 4.05.	Deposit of Revenues.....	20

Section 4.06.	Debt Service Fund: Application of Moneys.....	22
Section 4.07.	Debt Service Reserve Fund: Application of Moneys; Deficiencies and Surpluses.....	23
Section 4.08.	Redemption Fund: Application of Moneys.	24
Section 4.09.	Insurance and Condemnation Award Fund: Application of Money.....	25
Section 4.10.	Operating Fund: Application of Moneys.....	28
Section 4.11.	Investment of Moneys; Application of Earnings on Debt Service Reserve Fund.	29
Section 4.12.	Application of Moneys in Certain Funds for Retirement of Bonds.	31
Section 4.13.	Bonds Not to be Arbitrage Bonds; Rebate Fund.	31

ARTICLE V PARTICULAR COVENANTS

Section 5.01.	Payment of Principal and Interest.....	33
Section 5.02.	Performance of Covenants, Undertakings and Agreements; Representations as to Authorization and Validity of Bonds.....	34
Section 5.03.	Liens, Encumbrances and Charges.....	34
Section 5.04.	Accounts and Audits.....	34
Section 5.05.	Amendment of the Project and Additional Facilities.	35
Section 5.06.	Filing of Financing Statements.....	35
Section 5.07.	Rate Covenant.....	35
Section 5.08.	Insurance.....	36

ARTICLE VI CONCERNING THE TRUSTEE

Section 6.01.	Appointment of the Trustee; Registrar; Acceptance of Trustee.	36
Section 6.02.	Trustee Entitled to Indemnity	36
Section 6.03.	Responsibilities of the Trustee.	36
Section 6.04.	Property Held in Trust.	38
Section 6.05.	Trustee Protected in Relying on Certain Documents.	38
Section 6.06.	Compensation and Indemnification.....	39
Section 6.07.	Permitted Acts.	39
Section 6.08.	Resignation of the Trustee.....	39
Section 6.09.	Removal of Trustee.	39
Section 6.10.	Successor Trustee.	40
Section 6.11.	Transfer of Rights and Property to Successor Trustee.	40

Section 6.12.	Merger, Conversion or Consolidation of Trustee.	41
Section 6.13.	Trustee to File Continuation Statements.	41

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01.	Events of Default.	41
Section 7.02.	Acceleration of Maturity.	42
Section 7.03.	Enforcement.....	43
Section 7.04.	Priority of Payments following Default.....	44
Section 7.05.	Discontinuance of Proceedings.	45
Section 7.06.	Majority of the Holders May Control Proceedings.	45
Section 7.07.	Restrictions upon Action by Individual Holders.	45
Section 7.08.	Actions by Trustee.....	46
Section 7.09.	No Remedy Exclusive.	46
Section 7.10.	No Delay or Omission Construed as a Waiver; Waiver of Default.....	46
Section 7.11.	Notice of Default.	47
Section 7.12.	USA Patriot Act Requirements of the Trustee.	47

ARTICLE VIII MODIFICATION OR AMENDMENT OF INDENTURE AND SERVICE AGREEMENTS

Section 8.01.	Modification or Amendment Without Consent.	47
Section 8.02.	Supplemental Indentures Requiring Consent of Holders of Bonds.....	49
Section 8.03.	Notation on Bonds.	49
Section 8.04.	Amendment of Service Agreements.....	49
Section 8.05.	Concerning the Trustee.....	50

ARTICLE IX DEFEASANCE

Section 9.01.	Defeasance.....	50

ARTICLE X MISCELLANEOUS

Section 10.01.	Further Assurances.	52
Section 10.02.	Consent of Holders; Evidence of Signatures of Holders and Ownership of Bonds.....	52
Section 10.03.	Preservation by Trustee and Inspection of Documents.	53
Section 10.04.	Moneys and Funds Held for Particular Bonds.....	53
Section 10.05.	No Recourse on Bonds.	53

Section 10.06.	Service Protected in Acting in Good Faith.....	53
Section 10.07.	Severability of Invalid Provision.....	53
Section 10.08.	Notices.....	54
Section 10.09.	Other Bond Indentures.....	55
Section 10.10.	Business Days.....	55
Section 10.11.	Parties Interested Herein.....	55
Section 10.12.	Execution in Several Counterparts.....	55
Section 10.13.	Governing Law.....	55
Section 10.14.	Waiver of Jury Trial	55
Appendix A	Definitions	
Appendix B	Form of Series 2011 Bond	
Appendix C	Form of Construction Fund Requisition	

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of February 1, 2011, 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, the Service is empowered to assist the Mid-Shore Counties in providing solid waste disposal services; 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, located in Talbot County, Maryland, near the Town of Easton; 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, in connection with the MOU and the Service Agreements, the Service took title to the site for the Mid-Shore II Landfill and commenced construction of the Mid-Shore II Landfill (as more particularly described as the "Project"); and

WHEREAS, on September 29, 2009, the Service sold to the Bank of America, N.A., as purchaser of the below-defined Note (the "Bank"), and the Bank purchased from the Service, the Service's Revenue Bond Anticipation Note (Mid-Shore II Regional Landfill Project), Series 2009A, in the principal amount of \$12,000,000, dated September 29, 2009 (the "Note"), to finance a portion of the Cost of the Project (defined herein); and

WHEREAS, the Note was issued and sold in accordance with the terms of the Installment Financing and Security Agreement, dated as of September 29, 2009, by and between the Service and the Bank, as amended by the First Amendment to Installment Financing and Security Agreement, dated as of August 1, 2010, by and between the Service and the Bank and as further amended by the Second Amendment to Installment Financing and Security Agreement, dated as of December 1, 2010 (together, the "Financing Agreement"); and

WHEREAS, the Financing Agreement, among other things, provides that the Note will terminate on February 28, 2011, unless such date is extended pursuant to the Financing Agreement (the "Termination Date"); and

WHEREAS, on September 27, 2010, the Service adopted a resolution authorizing the issuance, sale and delivery of its Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Series 2011 Bonds") in an aggregate principal amount not to exceed \$20,000,000, for the purpose of applying the proceeds thereof to finance the remaining Cost of the Project, including certain costs of issuance, and to refund and to pay the Note on or before the Termination Date; and

WHEREAS, the Series 2011 Bonds and any Additional Bonds (defined herein) issued from time to time under this Indenture (collectively, the "Bonds") will be equally and ratably secured to the extent provided herein by a pledge and assignment of the Trust Estate (defined herein); and

WHEREAS, the Series 2011 Bonds and the Hobbs Road Landfill Bonds and the Hobbs Road Landfill Cap and Closure Loan will be equally and ratably secured by the Revenues (defined herein); and

WHEREAS, the Series 2011 Bonds and the Certificate of Authentication to be endorsed thereon are to be substantially in the forms set forth in Appendix B, attached hereto and made a part hereof, with appropriate insertions, omissions and variations as permitted hereby; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid and binding limited obligations of the Service according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the Trust Estate, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Series 2011 Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

The Service, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the owners thereof and

for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal or Redemption Price (defined herein) of and interest on, and the purchase price of, the Bonds according to their tenor and effect and to secure the performance and observance by the Service of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, the following (collectively, the "Trust Estate") to the Trustee, for the equal and ratable benefit of the Bondholders (defined herein), and their respective successors and assigns, forever, subject only to the provisions of this Indenture permitting the application thereof on the terms and conditions set forth in this Indenture:

GRANTING CLAUSE FIRST

All of the right, title and interest of the Service in and to the proceeds of the Series 2011 Bonds;

GRANTING CLAUSE SECOND

All of the right, title and interest of the Service in and to all moneys and securities from time to time held by the Trustee in the funds and accounts created under the terms of this Indenture, other than moneys held in the Rebate Fund; and

GRANTING CLAUSE THIRD

All Revenues (defined herein), securing on an equal and ratable basis the Hobbs Road Landfill Bonds and the Hobbs Road Landfill Cap and Closure Loan, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Service or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in trust and assigns forever upon the terms and trusts herein set forth for the equal and ratable benefit, security and protection of all present and future owners of the Bonds from time to time issued under and secured by this Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other Bonds, except as otherwise expressly provided herein;

PROVIDED, HOWEVER, that if the Service shall well and truly pay, or cause to be paid, the principal or Redemption Price of and interest on, and the purchase price of, the Bonds, according to the true intent and meaning thereof, or shall provide for the payment thereof as permitted by Article IX hereof, and shall perform and observe all the covenants and conditions of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon compliance with Article IX hereof, the lien of this Indenture shall be discharged and satisfied; otherwise this Indenture is to be and remain in full force and effect.

All Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all such property, rights and interests, including (without limitation) the amounts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Service has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the Holders of the Bonds as follows (subject, however, to the provisions of Section 5.01 hereof):

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. Terms used in this Indenture shall have the meanings set forth in Appendix A attached hereto, unless a different meaning clearly appears from the context.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(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 and the table of contents set forth in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture, 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 percentage or proportion of the Holders of Bonds shall mean the Holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Indenture, except Bonds held by or for the account of the Service, whether or not pledged to or by the Service to secure any indebtedness; provided, however, that Bonds so pledged may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds. Any reference herein to Bonds the consent or direction of a specified proportion of the Holders of which is required or permitted prior to the taking of any action hereunder shall mean the Holders of such proportion of Outstanding Bonds as shall be affected thereby.

(f) Any reference to the Revenue Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Fund Account, the Debt Service Reserve Fund, the Redemption Fund, the Rebate Fund, the Operating Fund, the Construction Fund or the Refunding Fund shall be to the fund or account so designated that is created under Sections 4.01 or 4.10 hereof.

(g) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall otherwise require.

(h) The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections and other subdivisions of this Indenture as originally executed.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE SERIES 2011 BONDS; ADDITIONAL BONDS

Section 2.01. Series 2011 Bonds Authorized. There is hereby authorized the issuance under this Indenture of a Series of Bonds in the aggregate principal amount of Eighteen Million Nine Hundred Thousand Dollars (\$18,275,000), which shall be designated “Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2011,” for the purpose of (i) financing the remaining Costs of the Project including certain costs of issuance, and (ii) refunding and paying the Note on or before the Termination Date.

Section 2.02. Details of Bonds; Form of Bonds and Certificate of Authentication. The Series 2011 Bonds shall be issued as fully registered bonds without coupons. The Series 2011 Bonds shall bear interest at the rate or rates 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:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2011	\$600,000	3.000%	2020	\$ 845,000	5.000%
2012	620,000	3.000	2021	890,000	5.000
2013	640,000	3.000	2022	935,000	5.000
2014	655,000	3.000	2023	980,000	5.000
2015	680,000	4.000	2024	1,030,000	5.000
2016	710,000	4.000	2025	1,085,000	5.000
2017	740,000	4.000	2026	1,135,000	4.500
2018	770,000	4.000	2030	5,155,000	5.000
2019	805,000	5.000			

The Series 2011 Bonds shall be subject to mandatory, optional and sinking fund redemption prior to maturity, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of the Series 2011 Bond attached hereto as Appendix B.

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 Section 2.05 hereof and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

The Series 2011 Bonds issued under this Indenture shall be substantially in the form set forth in Appendix B attached hereto and made a part hereof with such insertions, omissions and variations as may be deemed necessary or appropriate by the Authorized Officer of the Service executing the same and as shall be permitted by the Act. The Service hereby adopts the form of Series 2011 Bond set forth in Appendix B 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 this Indenture. The covenants and conditions set forth in the form of Series 2011 Bond are incorporated into this Indenture by reference and shall be binding upon the Service as though set forth in full herein. The Bonds may contain, or have endorsed thereon, any notations, legends or endorsements not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by an Authorized Officer of the Service prior to the authentication and delivery of such Bonds. The execution and delivery of the Bonds by the Service in accordance with this Indenture shall be conclusive evidence of the approval of the form of the Bonds by the Service, including any insertions, omissions, variations, notations, legends or endorsements authorized by this Indenture.

The Bonds shall be numbered and shall show the Holder, principal amount, interest rate, maturity date, number and authentication date of such Bond. The Series 2011 Bonds shall be lettered R and shall be numbered one (1) consecutively upward initially in order of maturity. Additional Bonds may bear such identifying designation as may be provided in the Supplemental Indenture authorizing such Additional Bonds and the Trustee may reflect such identifying designation in the numbering of such Additional Bonds.

The Bonds of a Series may have printed on the reverse side thereof the opinion of Bond Counsel for such Bonds. The printing of CUSIP numbers on the Bonds shall have no legal effect and shall not affect the enforceability of any Bond.

Section 2.03. Conditions Precedent to Delivery of Series 2011 Bonds. The Series 2011 Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2011 Bonds and, upon payment of the purchase price of the Series 2011 Bonds, shall deliver the Series 2011 Bonds to or upon the order of the Service, but only upon delivery to the Trustee of:

(a) a counterpart of this Indenture executed by the parties hereto;

(b) the written order of the Service directing the authentication and delivery of the Series 2011 Bonds signed by an Authorized Officer of the Service, describing the Series 2011 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2011 Bonds are to be delivered, stating the purchase price of the Series 2011 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service;

(c) 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) this Indenture 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, and (ii) the Service is duly authorized and entitled to issue the Series 2011 Bonds, and the Series 2011 Bonds executed, authenticated and delivered as provided in this Indenture have been duly and validly issued and constitute valid and binding special obligations of the Service;

(d) a counterpart of each of the Service Agreements executed by each of the parties thereto; and

(e) an opinion of counsel to the Service (or the Subdivisions) to the effect that the Service Agreements have been duly authorized, executed and delivered by the parties thereto and constitute valid and binding obligations of such parties in accordance with their respective terms.

Section 2.04. Refunding Bonds. In accordance with Section 3-115 of the Act, the Service may issue refunding bonds (which may be Bonds issued under this Indenture) to refund any Outstanding Bonds. Refunding bonds shall be issued pursuant to and in accordance with the provisions of this 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.

Section 2.05. Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds. In addition to the Series 2011 Bonds, the Service may issue from time to time Additional Bonds under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, 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 Service 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 this Section 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 this Indenture (including, without limitation, the pledge of the Revenues) as the Series 2011 Bonds and any other Series of Additional Bonds that may be issued from time to time as provided in this Section 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 made hereby, 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 this 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 Service 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 this Section 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 hereof), 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.

Section 2.06. Execution and Authentication. The Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Director or Deputy Director, 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 Bonds shall cease to be such officer before delivery of such 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 Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds, notwithstanding the fact that such person may not have been an officer on the date of such Bonds or that such person may have ceased to be an officer at the time when such Bonds shall be actually authenticated and delivered.

No 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 B attached to this Indenture or in the Supplemental Indenture authorizing the issuance of such Bond (as the case may be), duly executed by the Trustee, and such certificate of the Trustee upon any Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

Section 2.07. Registration and Exchange of Bonds. 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.

Section 2.08. Bonds Mutilated, Destroyed, Lost or Stolen. 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 this Section 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 this 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.

Section 2.09. Cancellation and Disposition of Bonds. 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.

Section 2.10. Book-Entry of Series 2011 Bonds. The provisions of this Section shall apply to the Series 2011 Bonds so long as all of the Series 2011 Bonds shall be maintained in book-entry form with DTC, any other provisions of this Indenture to the contrary notwithstanding during such period.

(a) Principal and interest payments on the Series 2011 Bonds shall be payable to Cede & Co., as nominee of DTC, or to DTC's registered assigns, as the Holder of the Series 2011 Bonds, in next day funds on each date on which the principal or Redemption Price of or interest on the Series 2011 Bonds is due as set forth in this Indenture and in the Series 2011 Bonds. Such payments shall be made to the offices of DTC provided to the Service and the Trustee in writing. The Service and DTC may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the Service shall give the Trustee notice thereof. Transfer or crediting of the appropriate principal and interest payments to DTC's participants will be the responsibility of DTC, and transfer and crediting of

principal and interest payments to the beneficial owners of the Series 2011 Bonds or their nominees will be the responsibility of DTC's participants. Transfers of beneficial ownership of the Series 2011 Bonds will be effected on the records of DTC (and its participants) pursuant to rules and procedures established by DTC.

(b) The Service may replace DTC as the Securities Depository for the Series 2011 Bonds if the Service, in its sole discretion, determines that DTC is incapable of discharging its duties with respect to the Series 2011 Bonds, or that the interests of the beneficial owners of the Series 2011 Bonds might be adversely affected by the continuation of the book-entry system. Notice of such determination shall be given to DTC not less than 30 days prior to any such replacement. If DTC determines not to continue to act as a securities depository for the Series 2011 Bonds or is no longer permitted to act as such depository, DTC shall give prompt notice of such determination or event to the Service and the Trustee and shall allow the Service a reasonable time to locate a replacement depository or to issue Replacement Bonds.

(c) Replacement Bonds will be issued directly to the beneficial owners of Series 2011 Bonds only in the event that (i) DTC determines not to continue to act as a securities depository for the Series 2011 Bonds; (ii) the Service has advised DTC of its determination that DTC is incapable of discharging its duties; or (iii) the Service has determined that the interests of the beneficial owners of the Series 2011 Bonds might be adversely affected by continuation of the book-entry system. Upon occurrence of any of the foregoing events, the Service may attempt to locate another qualified securities depository. If the Service fails to locate another such depository to replace DTC, the Service shall issue Replacement Bonds in certificate form. In the event the Service makes the determination set forth in (ii) or (iii) above (the Service will undertake no obligation to make any investigation to determine the occurrence of any events that would permit the Service to make any such determination) and has made provisions to notify DTC participants and the beneficial owners of Series 2011 Bonds by mailing an appropriate notice to DTC or by other means, it will issue Replacement Bonds in certificate form to any DTC participant shown on the records maintained by DTC and in making such a request.

The Service may issue Replacement Bonds to a substitute securities depository, to participants of DTC or to beneficial owners of the Series 2011 Bonds properly identified by such participants. In the event that the Service determines to issue Replacement Bonds to a replacement securities depository, DTC will cooperate with the Service by returning the Series 2011 Bonds, registered in the name of DTC or its nominee, on or before the date Replacement Bonds are issued. DTC shall, in addition, send to the Service, on or prior to the issuance of such Replacement Bonds, appropriate records of DTC or copies thereof showing the interests of DTC participants in the Series 2011 Bonds as of a reasonably current date. In the event that Replacement Bonds are to be issued to participants or to beneficial owners of the Series 2011 Bonds, DTC, upon ten

(10) days' prior notice, shall provide to the Service a listing showing the participants' interests in the Series 2011 Bonds as of a reasonably current date. The Service promptly thereafter shall have prepared Replacement Bonds registered in the name of such participants as their interests appear in the list provided by DTC to the Service. To the extent participants request the Service to issue Replacement Bonds in the name of a beneficial owner, the Service upon timely notification and with adequate identification of such beneficial owners shall issue Replacement Bonds in the names of such beneficial owners. Replacement Bonds issued to a replacement securities depository shall have the same terms, form and content as the Series 2011 Bonds initially registered in the name of DTC or its nominee except for the name of the record owner. Replacement Bonds issued to participants or to beneficial owners shall be issuable in accordance with the provisions of Section 2.02 hereof.

(d) DTC and its participants and the beneficial owners of the Series 2011 Bonds by their acceptance of the Series 2011 Bonds agree that the Service and the Trustee shall have no liability for the failure of DTC to perform its obligations to the participants and the beneficial owners of the Series 2011 Bonds, nor shall the Service or the Trustee be liable for the failure of any participant or other nominee of the beneficial owners to perform any obligation the participant may incur to a beneficial owner of the Series 2011 Bonds.

Section 2.11. Subordinate Obligations Authorized. In addition to any Additional Bonds issued in accordance with Section 2.05 hereof, the Service may issue from time to time other Indebtedness for any purpose for which Additional Bonds may be issued hereunder. 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 hereof 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 this 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 this Indenture, no payments shall be made with respect to the principal of or interest on any Subordinate Obligation.

ARTICLE III

REDEMPTION OF SERIES 2011 BONDS

Section 3.01. Redemption of Series 2011 Bonds and Additional Bonds; Selection of Series 2011 Bonds to Be Redeemed. The Series 2011 Bonds shall be subject to redemption in accordance with Appendix B hereof. Any Additional Bonds shall be subject to redemption as set forth in the Supplemental Indenture established in connection with such Series of Bonds.

If fewer than all of the Series 2011 Bonds of any one maturity shall be called for redemption, the Trustee shall select the particular Series 2011 Bonds or portions of Series 2011 Bonds to be redeemed from such maturity 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 2011 Bond to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting Series 2011 Bonds for redemption, the Trustee shall treat each Series 2011 Bond as representing that number of Series 2011 Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

So long as all of the Series 2011 Bonds shall be maintained in book-entry form with DTC, the Trustee shall notify DTC of the maturities and principal amounts of the Series 2011 Bonds to be redeemed, and such notification is hereby deemed to be in a proper manner of selection of the Series 2011 Bonds to be redeemed.

Section 3.02. Notice of Redemption. (a) The Service shall give written notice to the Trustee of its election to redeem Series 2011 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2011 Bonds at least 60 days prior to the redemption date of such 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 2011 Bonds, the Trustee shall give notice in the name of the Service of the Service's election to redeem such Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2011 Bonds, as the case may be. The Trustee may provide a conditional notice of redemption upon the written direction of the Service.

(b) Each notice of redemption of Series 2011 Bonds shall be given in accordance with the terms of the Series 2011 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2011 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2011 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2011 Bonds of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers distinctive numbers and letters, if any, of the Series 2011 Bonds to be redeemed, (vi) in the case of Series 2011 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 2011 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 2011 Bonds in lieu of redemption, if applicable, (ix) the

conditions, if any, which must be satisfied in order for the redemption to take place of the scheduled redemption date, as and if any applicable, and (x) any other descriptive information needed to identify accurately the Series 2011 Bonds being redeemed. If any Series 2011 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2011 Bond shall state also that on or after the redemption date, upon surrender of such Series 2011 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 Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2011 Bond. Each notice of redemption with respect to any Series 2011 Bond shall comply with any regulation or release of the Securities 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 2011 Bonds the Service has so elected to redeem.

(d) Notwithstanding the foregoing provisions of this Section to the contrary, so long as all of the Series 2011 Bonds are maintained in book-entry form with DTC, (i) the Service shall give DTC written notice of its election to redeem Bonds in paragraph (a) of this Section no less than 45 days nor more than 60 days before the date fixed for redemption and (ii) any notice of redemption of any Series 2011 Bond or portion thereof to be given by the Trustee as herein provided shall also be given to DTC, by legible facsimile transmission, registered or certified mail or overnight express delivery, no later than two Business Days prior to the date notice of such redemption is published pursuant to Section 5(e) of the Series 2011 Bonds. Such notice by the Trustee to DTC, in addition to the matters set forth in paragraph (b) of this Section shall state (i) the maturity date and the CUSIP number of the Series 2011 Bond or portion thereof to be redeemed and (ii) the date on which the notice of redemption with respect to such Series 2011 Bond or portion thereof is to be published.

(e) Notice of such redemption shall also 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 (2) Business Days prior to the mailing of notices required by the paragraph (a) above, and in any event no later than simultaneously with the mailing of notices required above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

(f) Failure to give notice by mailing to the Holder of any 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 Bond if notice of such redemption shall have been mailed as herein provided.

Section 3.03. Redemption of Portion of Bond. In case part but not all of an Outstanding Series 2011 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 this Indenture, in aggregate principal amount equal to the unredeemed portion of such Bond.

Section 3.04. Effect of Notice of Redemption. If a conditional notice of redemption has been provided pursuant to the terms of this 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 Article III hereof 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 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 Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

Section 3.05. Purchase in Lieu of Redemption. Subject to Article III of this Indenture and Section 5(a) of the Series 2011 Bond, on any date upon which the Bonds are subject to and have been called for optional redemption, the Service may, at its option, purchase or cause to be purchased the 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 2011 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 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 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 Bonds in the event of a purchase in lieu of redemption. All Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the 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 Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Bonds except to receive payment of the Purchase Price thereof, premium, if any, and accrued interest to the Purchase Date. Notwithstanding such purchase, the Bonds shall remain Outstanding for all purposes under this Indenture. Failure to mail the related notice of

redemption or any defect therein shall not affect the validity of the purchase of the 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 Indenture, in which case it shall so state and shall provide that a withdrawal of the purchase notices will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Creation of Funds and Accounts. The following funds and separate accounts within funds are hereby created for the benefit of the Holders of all Bonds Outstanding under this 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 this Section 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 hereunder. Pending the application of amounts on deposit therein as provided in this 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 herein 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.

Section 4.02. Application of Proceeds of Series 2011 Bonds; Refunding Fund. In accordance with Section 3-119 of the Act, the proceeds of the Series 2011 Bonds, equal to \$18,674,396.75 (representing the par amount of the Series 2011 Bonds plus a premium of \$513,395.75 less an underwriter's discount of \$113,999.00), shall be received by the Trustee on behalf of the Service in trust for the benefit of the Holders from time to time of the Bonds, subject to and in accordance with the terms of this Indenture. Upon receipt of such proceeds, the Trustee shall deposit such proceeds as follows: (a) any accrued interest on the Series 2011 Bonds shall be deposited in the Interest Account; (b) \$12,025,213.00, being an amount equal to

the principal and interest due to Bank of America, N.A., in regards to the Note shall be deposited into the Refunding Fund, and the amounts so deposited shall be applied by the Trustee to the payment of Note on or before the Termination Date upon the written direction of an Authorized Officer of the Service; and (c) the balance of the proceeds of the Series 2011 Bonds (i.e., \$6,649,183.75) shall be deposited in the Construction Fund to pay the remaining Costs of the Project, including certain costs of issuance equal to approximately \$279,181.75.

Section 4.03. Construction Fund: Deposit and Application of Moneys. (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 in the form set forth in Appendix C 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.

(c) Upon receipt of a certificate certifying the completion of the Project or any Additional Facilities in accordance with Section 4.04 hereof, 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.

Section 4.04. Completion of the Project and Additional Facilities. 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.

Section 4.05. Deposit of Revenues. (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 this 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 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 November 1 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 November 1; provided that transfers with respect to Bonds the first payment of a Sinking Fund Installment for which 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 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 Sinking Fund Installment by the number of calendar months between the date of authentication and delivery of such Bonds and the immediately succeeding November 1;

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 hereof, 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 hereof, 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.

Section 4.06. Debt Service Fund: Application of Moneys. 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 hereof to effect the timely redemption of Outstanding Term Bonds from the Sinking Fund Account in accordance with the Sinking Fund Installments as herein set forth. 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 this Section, prior to each November 1 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 November 1 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 November 1, less the amount previously credited against such Sinking Fund Installment in accordance with paragraph (c) of this Section. On such November 1, 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 November 1 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 November 1 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 November 1; 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 this Section equals or exceeds the Sinking Fund Installment for such Term Bonds due on the immediately succeeding November 1, 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) above, (ii) the Service delivers to the Trustee for cancellation on or before the 45th day next preceding any November 1 Term Bonds subject to redemption from the Sinking Installment due on such November 1 (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 November 1 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 November 1, 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 hereof, 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.

Section 4.07. Debt Service Reserve Fund: Application of Moneys; Deficiencies and Surpluses. 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 hereof.

For the purposes of this 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 hereof, 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 hereof, 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 hereof shall not create a surplus within the meaning of this Section even though such amounts shall not have been transferred from the Debt Service Reserve Fund as provided in Section 4.11 hereof.

The Trustee shall determine the value of the assets of the Debt Service Reserve Fund in the manner provided by Section 4.11 hereof 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.

Section 4.08. Redemption Fund: Application of Moneys. (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 this Section, 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 this 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 hereunder shall be transferred to the Debt Service Fund.

(c) Notwithstanding the foregoing provisions of this Section, 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 hereof 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.

Section 4.09. Insurance and Condemnation Award Fund: Application of Money.

(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:

(i) 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

(ii) 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 Service Agreements, and the Service 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 this Indenture, shall be sufficient to provide for the redemption of all Outstanding Bonds in the manner provided by this 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 this 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 this 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 this Section, 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 hereof.

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.

Section 4.10. Operating Fund: Application of Moneys. (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 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.

(c) For the purposes of this 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 this 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 2011 Bonds or any Additional Bonds.

Section 4.11. Investment of Moneys; Application of Earnings on Debt Service Reserve Fund. Subject to the provisions of Section 4.13 hereof, moneys in any of the funds and accounts established by this 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 Series 2011 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 hereof and the further provisions of this Section, interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by this 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 Series 2011 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 hereof. 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 this Section 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 this 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 this 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 thereunder (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 this 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 hereof 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 this Indenture shall be invested, as set forth above, or for any loss arising from any investment permitted herein. The investments authorized by this Section 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 this 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 may 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 hereunder 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 hereby 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.

Section 4.12. Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provision of this Indenture, if at any time the Service shall determine to provide for the payment of all Outstanding Bonds in accordance with Article IX hereof, upon the written request of the Service, the Trustee shall apply any moneys on deposit in the funds and accounts created by this Indenture available for the payment of the principal or Redemption Price of and interest on the Bonds to the payment or redemption of such Bonds in the manner provided by Article IX hereof.

Section 4.13. Bonds Not to be Arbitrage Bonds; Rebate Fund. 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 this Section, being referred to herein 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 this Section 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 this 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 this Indenture to the Rebate Fund, the Trustee shall make the transfer referred to therein, any other provision of this 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 this 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 herein so long as the Service and the Trustee act in good faith.

As used in this Section, “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.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01. Payment of Principal and Interest. 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 herein 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 this 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.

Section 5.02. Performance of Covenants, Undertakings and Agreements; Representations as to Authorization and Validity of Bonds. The Service shall faithfully perform at all times all of its covenants, undertakings and agreements contained in the Service Agreements, and any Bond executed, authenticated and delivered under this 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 Service 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 Service Agreements and to pledge the Trust Estate in the manner and to the extent set forth in this 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.

Section 5.03. Liens, Encumbrances and Charges. 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 herein, 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 this Section 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 this 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 this Indenture to secure the Bonds, Additional Bonds, any Subordinate Obligations and Permitted Encumbrances.

Section 5.04. Accounts and Audits. 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 this 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 this 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 this 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.

Section 5.05. Amendment of the Project and Additional Facilities. 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 this Section 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.

Section 5.06. Filing of Financing Statements. The Service covenants that, in order further to evidence the grant and perfection of the interest of the Trustee in the Trust Estate to the extent possible by such filing, appropriate financing statements, naming the Trustee as assignee of the Trust Estate, will be executed and filed by the Service in the appropriate State and city or county offices as required by the Maryland Uniform Commercial Code. Subject to Section 6.13 hereof, the Trustee will file such necessary continuation statements from time to time as may be required pursuant to the provisions of the Maryland Uniform Commercial Code to protect the interests of the Trustee and the Bondholders in the Trust Estate.

Section 5.07. Rate Covenant. (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 this Section 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 Service 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 Service 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 (b) above, then the failure of the Service to meet the requirements of paragraph (a) of this Section for such Fiscal Year shall not constitute an Event of Default under this Indenture.

(d) Nothing set forth in this Section shall be construed to excuse the Service from the payment in timely manner of all amounts due under this Indenture or the performance of any other obligation of the Service under this Indenture.

Section 5.08. Insurance. 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.

ARTICLE VI

CONCERNING THE TRUSTEE

Section 6.01. Appointment of the Trustee; Registrar; Acceptance of Trustee. The Bank of New York Mellon, a New York banking corporation organized and existing under the laws of the United States of America, is hereby appointed Trustee for the Bonds. Except as otherwise provided in any Supplemental Indenture authorizing the issuance of Additional Bonds, the Trustee shall also be the Registrar and the paying agent for the Bonds. The Trustee shall signify its acceptance by written notice delivered to the Service and upon delivery of such notice shall be deemed to have accepted the trusts and the duties of Trustee under this Indenture. The Trustee's acceptance of the trusts and the duties of Trustee also shall constitute acceptance of the trusts and the duties of Registrar and the paying agent for the Bonds.

Section 6.02. Trustee Entitled to Indemnity. The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this 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 hereby created or in the enforcement of any rights and powers hereunder, 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 this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 6.03. Responsibilities of the Trustee. The recitals contained in this 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 this Indenture or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this 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 this 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 this Indenture and no implied obligations or covenants shall be read into this 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 this Indenture.

The permissive right of the Trustee to things enumerated in this 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 this 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 hereunder, 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 this 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 this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder. 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 this 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 this 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 this Indenture except for its own negligence or willful misconduct.

Section 6.04. Property Held in Trust. All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 6.05. Trustee Protected in Relying on Certain Documents. The Trustee may conclusively rely and shall be fully protected in acting upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel or counsel to the Service, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Service, unless other evidence in respect thereof be hereby specifically prescribed. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Service to the Trustee shall be sufficiently executed if executed in the name of the Service by an Authorized Officer of the Service.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture or otherwise to the giving to any person of notice of the provisions hereof.

Section 6.06. Compensation and Indemnification. 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 hereunder, 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 hereby created and the exercise of its powers and the performance of its duties hereunder, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder 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 hereunder that are not due to its own negligence or willful misconduct. If the Service shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to preference therefor over any Bonds Outstanding hereunder. Such indemnity shall survive the termination of this Indenture or the earlier resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 6.07. Permitted Acts. 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 be 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 this Indenture, whether or not such committee shall represent the Holders of a majority of the Bonds or Subordinate Obligations.

Section 6.08. Resignation of the Trustee. The Trustee may at any time resign and be discharged of its 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, 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 hereof, in which event such resignation shall take effect immediately on the appointment of such successor and the acceptance of such appointment by such successor.

Section 6.09. Removal of Trustee. 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 this 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.

Section 6.10. Successor Trustee. 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 hereunder 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 hereunder. 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 hereof 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 this Section 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 this Indenture.

Section 6.11. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the provisions of Section 6.10 hereof 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 hereunder, 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 hereunder, 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 herein set forth. 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.

Section 6.12. Merger, Conversion or Consolidation of Trustee. Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any mergers; conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 6.10 hereof.

Section 6.13. Trustee to File Continuation Statements. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by an amendments to Article 9 of the Maryland Uniform Commercial Code, as from time-to-time in effect (the “UCC”). In addition, unless the Trustee shall have been notified in writing by the Service that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) conclusively relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (ii) filing any continuations statements in the same filing offices as the initial filings were made. The Trustee shall cause to be filed a continuation statement with respect to each UCC financing statement relating to the Bonds which was filed at the time of issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Service shall be responsible for the reasonable costs and expense (including reasonable attorney’s fees, costs and expenses, if any) incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following events is hereby declared to constitute an event of default hereunder (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 this 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 this 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 this Indenture.

Section 7.02. Acceleration of Maturity. Upon the happening and continuance of any Event of Default specified in Section 7.01 hereof, 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 Service 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 this 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 this 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 this Indenture or in the Service 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 this 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.

Section 7.03. Enforcement. 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 this 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 this 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 this 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 hereunder 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 herein 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.

Section 7.04. Priority of Payments following Default. If at any there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee hereunder together with any moneys thereafter becoming available for such purpose, whether through exercise of the remedies provided in this Article 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 this 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 this 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.

Section 7.05. Discontinuance of Proceedings. In case any proceedings taken by the Trustee or the Holders of any Bonds on account of any default with respect to the Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holders, then and in every such case the Service, the Trustee and the Holders of such Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 7.06. Majority of the Holders May Control Proceedings. Anything in this 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 this Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of this 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.

Section 7.07. Restrictions upon Action by Individual Holders. 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 hereunder or for any other remedy hereunder 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 this 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 hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to, any other remedy hereunder; provided, however, that notwithstanding the foregoing provisions of this Section 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 this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein 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 this Indenture to the rights and remedies herein provided.

Section 7.08. Actions by Trustee. All rights of action under this 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 this 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.

Section 7.09. No Remedy Exclusive. No remedy herein 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 hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.10. No Delay or Omission Construed as a Waiver; Waiver of Default. 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 this Article 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 this Indenture or before the completion of the enforcement of any other remedy under this 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.

Section 7.11. Notice of Default. 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 this 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 this Section.

Any provision of this 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) hereof 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 hereof, (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 hereof, 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.

Section 7.12. USA Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity. The Trustee may also request financial statements, licenses, and identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII MODIFICATION OR AMENDMENT OF INDENTURE AND SERVICE AGREEMENTS

Section 8.01. Modification or Amendment Without Consent. 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 this 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 this 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 this 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 this Indenture), the Trust Estate;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in this Indenture or to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not contrary to or inconsistent with this 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 hereof or to authorize or approve the issuance of Subordinate Obligations in accordance with Section 2.11 hereof;

(g) to permit the qualification of this 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 this 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;

(h) 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);

(i) to make any other change in this 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;

(j) 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.

Section 8.02. Supplemental Indentures Requiring Consent of Holders of Bonds. In addition to Supplemental Indentures permitted by Section 8.01 hereof, 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 this 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 herein 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 hereby, 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 this 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 this Indenture, without the unanimous consent of the Holders of all Outstanding Bonds.

Section 8.03. Notation on Bonds. Bonds authenticated and delivered after the effective date of any Supplemental Indenture entered into by the Service may, and if the Trustee or the Service so determines, shall, bear a notation by endorsement or otherwise in form approved by the Service and the Trustee of such action. If the Service or the Trustee shall so determine, new Bonds modified as necessary, in the opinion of the Trustee and the Service, to conform to such Supplemental Indenture shall be prepared, authenticated and delivered and, upon demand of the Holder of any Outstanding Bond and surrender of such Bond to the Trustee, such Bond shall be exchanged, without cost to such Holder, for a new Bond so modified.

Section 8.04. Amendment of Service Agreements. (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 Service Agreements that is (i) required or permitted by the provisions of the Service 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 hereof 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 this Section, the Service shall not enter into any amendment, change or modification of the Service 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.

Section 8.05. Concerning the Trustee. In executing a supplement to this Indenture or consenting to an amendment to the Service 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 this 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 this Indenture or consent to an amendment to the Service Agreements that adversely affects its rights, duties, protections and/or indemnities.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. (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 this 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 hereby 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 this 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 this Section 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 this Section, 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 this Section and shall continue to be Outstanding hereunder 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 hereby and all covenants, agreements and other obligations of the Service under this Indenture shall continue to exist and this Indenture shall not be deemed to have been discharged until such Credit Facility Provider shall be repaid in full.

(d) Anything in this 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 this Section if it is deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing the issuance thereof.

ARTICLE X

MISCELLANEOUS

Section 10.01. Further Assurances. So far as it may be authorized by law, the Service shall pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and Revenues and other property hereby pledged or assigned, or intended so to be, or which the Service may hereafter become bound to pledge or assign.

Section 10.02. Consent of Holders; Evidence of Signatures of Holders and Ownership of Bonds. Any request, direction, consent or other instrument which this 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 herein, 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 this 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 take 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 this Indenture or such Supplemental Indenture.

Any request, direction, consent or vote of the Holder of any Bond given in accordance with this 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.

Section 10.03. Preservation by Trustee and Inspection of Documents. All documents received by the Trustee from the Service, the Holders of Bonds or otherwise under the provisions of this 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.

Section 10.04. Moneys and Funds Held for Particular Bonds. Amounts held by the Trustee for the payment of the principal or Redemption Price of and interest on Bonds or Subordinate Obligations due on any date shall, pending such payment, be set aside and held in trust by it for the Holders of such Bonds or Subordinate Obligations (as the case may be) and, for the purposes of this Indenture, such principal or Redemption Price of and interest on such Bonds or Subordinate Obligations, due after such date, shall no longer be considered to be unpaid.

Section 10.05. No Recourse on Bonds. 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 this 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.

Section 10.06. Service Protected in Acting in Good Faith. In the exercise of the powers of the Service and its members, officers, employees and agents under this Indenture and the Service 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 hereby or by the Service Agreements.

No recourse shall be had by the Trustee or any Holder of any Bond or Subordinate Obligation for any claims based on this Indenture or the Service 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.

Section 10.07. Severability of Invalid Provision. If any covenant or agreement provided in this Indenture on the part of the Service or the Trustee to be performed should be contrary to law, then such covenant or agreement shall be null and void and shall in no way

affect the validity of the other provisions of this Indenture or of the Bonds or any Subordinate Obligations.

Section 10.08. Notices. (a) Any notice or other instrument required to be given to the Service pursuant to this Indenture shall be sent by Electronic Means or in writing and shall be sent by registered or certified mail to it at its office in Millersville, Maryland, or such other address as it shall designate to the Trustee in writing; any notice or other instrument required to be given to the Trustee pursuant to this Indenture shall be sent by Electronic Means or in writing and shall be sent by registered or certified mail to it at the designated corporate trust office of the Trustee in West Paterson, New Jersey; and any notice or other instrument required to be given to a Credit Facility Provider pursuant to this Indenture shall be sent by Electronic Means or in writing and shall be sent by registered or certified mail to such Credit Facility Provider at its principal office or as provided for in a Supplemental Indenture. Any notice that is required to be given to the Trustee or to the Holders of the Bonds pursuant to this Indenture shall also be given to any Credit Facility Provider.

(b) In case, by reason of the suspension of publication of any Authorized Baltimore Newspaper or any Authorized New York Newspaper, or by reason of any other cause, it shall be impossible to make publication of any notice in an Authorized Baltimore Newspaper and an Authorized New York Newspaper as required by this Indenture, then the Trustee shall mail or deliver such notice to all Holders of Bonds and such mailing or delivery shall constitute a sufficient publication of such notice.

(c) Any request, demand, authorization, direction, notice, consent or any other document provided or permitted by this Indenture shall be sufficient for any purpose under this Indenture when given as set forth in (a) hereof at the following addresses (or such other addresses as may be provided by any party by notice) and shall be deemed to be effective upon receipt:

To the Service:

[REDACTED]

To the Trustee:

[REDACTED]



Section 10.09. Other Bond Indentures. Subject to the provisions of Section 5.03 hereof, 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 thereunder without compliance with the provisions hereof.

Section 10.10. Business Days. Except as otherwise expressly provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date.

Section 10.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or, shall be construed to confer upon, or to give to, any person or entity, other than the Service, the Trustee, a Credit Facility Provider and the Bondholders any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Service shall be for the sole and exclusive benefit of the Service, the Trustee, a Credit Facility Provider and the Bondholders.

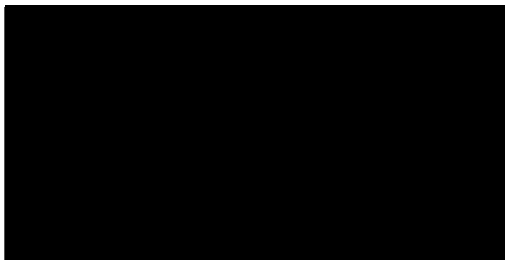
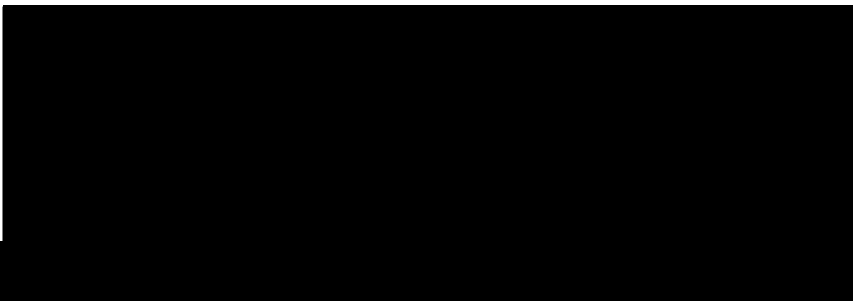
Section 10.12. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 10.13. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Maryland without regard to conflict of law principles.

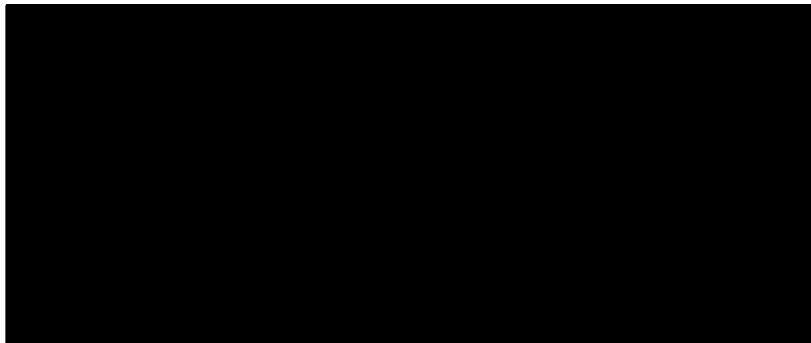
Section 10.14. Waiver of Jury Trial. EACH OF THE SERVICE AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS OR THE TRANSACTION CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

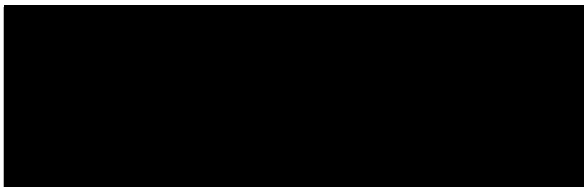
(SEAL)



(SEAL)



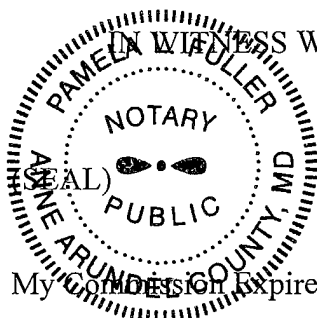
ATTEST:



STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that on this 11th day of February in the year 2011, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared James M. Harkins, the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing 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 Deputy Director of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.




Notary Public

STATE OF NEW JERSEY, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ in the year 2011, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared Bridgette Casanovas, a Vice President 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 she, as such officer, being authorized so to do, executed the foregoing Indenture of Trust for the purposes therein contained, by signing her 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)

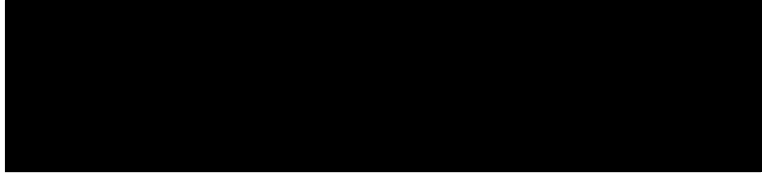
Notary Public

My Commission Expires: _____

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

(SEAL)

MARYLAND ENVIRONMENTAL SERVICE

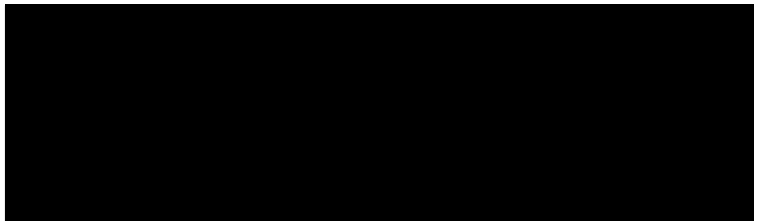


ATTEST:



(SEAL)

THE BANK OF NEW YORK MELLON



ATTEST:



STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ in the year 2011, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared James M. Harkins, the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing 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 Deputy Director of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)

Notary Public

My Commission Expires: _____

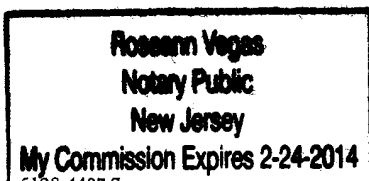
STATE OF NEW JERSEY, COUNTY OF 10th, TO WIT:

I HEREBY CERTIFY that on this 10 day of February in the year 2011, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared Bridgette Casasnovas, a Vice President 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 she, as such officer, being authorized so to do, executed the foregoing Indenture of Trust for the purposes therein contained, by signing her 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)

My Commission Expires: 2-24-2014



4834 5128 4487.7

DEFINITIONS

“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 hereof.

“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 Service 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.

“Alternative Sites” has the meaning specified in the Service 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 Service 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 and any Additional Bonds.

“Bond Counsel” means the law firm of Kutak Rock LLP, 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 thereunder.

“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 hereof 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 herein authorized, 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 hereof.

“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 Service 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, 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 Service 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 Service 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 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 hereof 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 hereof; 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 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, 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 hereinabove 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 hereof.

"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.

"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 Section 2.02 of the Indenture.

“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.

“Service 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 Service Agreements) for disposal at the Mid-Shore II Landfill and to pay certain fees for such disposal services, and any amendments thereto.

“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 hereof.

“Special Purpose Fund” has the meaning specified in the Service 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 hereof.

“Supplemental Fees” has the meaning specified in the Service 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 and Section 148 Certificate” means the Tax Regulatory Agreement and No Arbitrage Certificate of the Service dated the Closing Date.

“Tax-Exempt Bonds” mean the Series 2011 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.

“Tipping Fees” has the meaning specified in the Service Agreements.

“Total Costs” has the meaning specified in the Service 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.

[FORM OF SERIES 2011 BOND]

REGISTERED

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

No. R- _____ \$ _____

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BOND
(MID-SHORE II REGIONAL LANDFILL PROJECT), SERIES 2011

Interest Rate
(per annum)
%

Maturity Date

Dated Date
February 16, 2011

CUSIP

Registered Owner:

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 May 1, 2011 and semiannually thereafter on November 1 and May 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. As provided in the Indenture, so long as all of the Bonds are maintained in book-entry form with The Depository Trust Company, New York, New York ("DTC"), interest on this bond will be paid in next day funds to the owner as of 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 REVENUE BONDS (MID-SHORE II REGIONAL LANDFILL PROJECT) SERIES 2011" (the "Bonds"), aggregating Eighteen Million Two Hundred Seventy-Five Thousand Dollars (\$18,275,000) in principal amount, dated as of February 16, 2011, 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"), and the Indenture of Trust dated as of February 1, 2011 by and between the Service and the Trustee (herein, with all amendments

thereto, called the “Indenture”). The terms of the Bonds include those stated in the Indenture, and the 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 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 West Paterson, 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, herein called 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 referred to herein as the “Subdivisions”) 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 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 Bonds. All the Bonds are of like tenor except as to number, principal amount, maturity, interest rate and redemption provisions and mature on November 1 of the years and in the principal amounts set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2011	\$600,000	3.000%	2020	\$ 845,000	5.000%
2012	620,000	3.000	2021	890,000	5.000
2013	640,000	3.000	2022	935,000	5.000
2014	655,000	3.000	2023	980,000	5.000
2015	680,000	4.000	2024	1,030,000	5.000
2016	710,000	4.000	2025	1,085,000	5.000
2017	740,000	4.000	2026	1,135,000	4.500
2018	770,000	4.000	2030	5,155,000	5.000
2019	805,000	5.000			

The Bonds are issuable only in registered form without coupons in denominations of \$5,000 and any integral multiple thereof.

4. Additional Bonds. The Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Indenture. (The Bonds and any Additional Bonds are herein referred to as the “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. The Bonds at the time Outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. Bonds maturing on or after November 1, 2021, are subject to redemption prior to maturity beginning on November 1, 2020, at the option of the Service as a whole at any time or in part on any interest payment date, at one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date set for redemption:

(b) Extraordinary Mandatory Redemption. The 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 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 Project and net proceeds of all or any part of the 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 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 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 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 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 Project by a competent authority or loss of use or possession of all or substantially all of the 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 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 Project, or (C) the Service is no longer able to operate the Project; or

(iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 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 Project or a "related person" (as such terms are used in Section 147(a) of the Internal Revenue Code).

(d) Mandatory Sinking Fund Redemption. The Bonds maturing on November 1, 2030 are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments on November 1 of the following years in the following principal amounts:

Year	Sinking Fund Installment
2027	\$1,195,000
2028	1,255,000
2028	1,320,000
2030*	1,385,000

*Final maturity

(d) Selection of Bonds to be Redeemed. If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the Service. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of 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 Bonds and any Additional Bonds Outstanding under the Indenture in the manner provided in the Indenture.

(e) Notice of Redemption. The Trustee shall give notice of the call for any redemption by publication at least once in a daily newspaper of general circulation in the Borough of Manhattan, City and State of New York, or a financial journal published in such Borough, City and State, and at least once in a daily newspaper of general circulation in the City of Baltimore, Maryland, which notice shall be published at least 30 days before the redemption date. Notice of any such redemption shall also be mailed at least 30 days before the redemption date to the Registered Owners of the Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption, and 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 the Bonds. As provided in the Indenture, so long as all of the Bonds are maintained in book-entry form with DTC, at least two Business Days prior to the day on which the notice is published by the Trustee as set forth above, the Trustee shall provide notice of redemption of the Bonds to DTC in the manner and under the terms and conditions provided herein and in the Indenture. As provided in the Indenture, the Trustee may provide a conditional notice of redemption upon the direction of the Service.

(f) Effect of Call for Redemption. On the date designated for redemption, notice having been given as provided herein, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 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 Bonds or such portions thereof so called for redemption shall cease to accrue, such 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 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 this bond shall be called for redemption, a new Bond or 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 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 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 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. The Bonds shall be issued in book-entry form, subject to further action as provided in the Indenture, and the provisions set forth in the Indenture relating to book-entry form shall apply thereto.

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.

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 Deputy Director, all as of the ____ day of February, 2011.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
James M. Harkins
Director

[SEAL]

Attest:

John J. O'Neill
Deputy Director

[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 Kutak Rock LLP, Bond Counsel is on file with the undersigned.

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
Bridgette Casasnovas
Vice President

[FORM OF CONSTRUCTION FUND REQUISITION]

\$18,275,000
Maryland Environmental Service
Revenue Bonds
(Mid-Shore II Regional Landfill Project),
Series 2011

CONSTRUCTION FUND REQUISITION

To: The Bank of New York Mellon, as trustee
West Paterson, New Jersey

Requisition Number: [1]
Date: [February 16, 2011]

Pursuant to the Indenture of Trust dated as of February 1, 2011, (the "Indenture"), by and between the Maryland Environmental Service (the "Service") and The Bank of New York Mellon (the "Trustee"), we request that you make a disbursement of funds from 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 (detailed in Schedule I attached to this Requisition) relating to the \$18,275,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Bonds")][Payment or reimbursement of costs of the Project (as defined in the Indenture) financed with the proceeds of the \$18,275,000 Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2011 (the "Bonds"), 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) no written notice of any lien, right to lien or attachment upon, or claim affecting the Project, or the right to receive payment of any of the moneys payable under such requisition to any of the persons named therein has been received, or if any notice of any lien, attachment or claim has been received, such lien, attachment or claim has been fully bonded, collateralized, released or discharged or will be released or discharged upon payment of the requisitions; (v) 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 issuing the Bonds, as evidenced by the attached invoices or receipts; (vi) 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 (vii) 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 Section 4.03 of the Indenture.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Authorized Officer

[SIGNATURE PAGE TO THE CONSTRUCTION FUND REQUISITION]

SCHEDULE I

DISBURSEMENTS FROM CONSTRUCTION FUND

DESCRIPTION	PAYEE	AMOUNT
		\$ _____

WIRING/MAILING INFORMATION FOR PAYEES

See attached

EXECUTION COPY

SUPPLEMENTAL INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

\$4,500,000

**MARYLAND ENVIRONMENTAL SERVICE
REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT),
SERIES 2014**

Dated as of May 1, 2014

SUPPLEMENTAL INDENTURE OF TRUST

THIS SUPPLEMENTAL INDENTURE OF TRUST dated as of May 1, 2014 (this "Series 2014 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 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 at the Mid-Shore II Landfill, pursuant to an Indenture of Trust (the "Original Indenture," and as amended and supplemented from time to time, including by this Series 2014 Supplemental Indenture, the "Indenture") dated as of February 1, 2011, by and between the Service and the Trustee; and

WHEREAS, on April 28, 2014, the Service adopted a resolution authorizing the issuance, sale and delivery of its Revenue Bonds (Mid-Shore II Regional Landfill Project), Series 2014 (the "Series 2014 Bonds") in an aggregate principal amount not to exceed \$4,500,000, for the purpose of funding certain costs related to the design, development and construction of additional disposal capacity at Cell Number 2 at the Mid-Shore II Landfill; and

WHEREAS, the Mid-Shore Counties have adopted resolutions, which (i) acknowledge and accept the development and construction of additional capacity at the Mid-Shore II Landfill and the issuance of the Series 2014 Bonds for such purpose, (ii) acknowledge and confirm that the Series 2014 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 2014 Bonds are being purchased by Branch Banking and Trust Company as the Bondholder for its own account and not with a present view to the resale or distribution thereof; and

WHEREAS, the Indenture and the Service Agreements contemplate the issuance of Additional Bonds secured equally and ratably with other Bonds issued under the Indenture by the Trust Estate created thereby, and this Series 2014 Supplemental Indenture is being entered into for the purpose of issuing the Series 2014 Bonds as Additional Bonds; and

WHEREAS, all acts and requirements necessary to make this Series 2014 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 Series 2014 Supplemental Indenture shall have the meanings assigned thereto in the Original Indenture.

NOW, THEREFORE, THIS 2014 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 2014 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 2014 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

AUTHORIZATION AND DETAILS OF THE SERIES 2014 BONDS

Section 1.01. Series 2014 Bonds Authorized. There is hereby authorized the issuance of a Series of Bonds in the aggregate principal amount of Four Million Five Hundred Thousand Dollars (\$4,500,000), which shall be designated “Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014,” for the purpose of financing the Costs of the Project in order to improve or increase the disposal capacity of the Project.

Section 1.02. Details of Bonds; Form of Bonds and Certificate of Authentication. The Series 2014 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. The Series 2014 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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 2029	\$4,500,000	3.14%

The Series 2014 Bonds shall be issued as a single Term Bond, payable prior to and at stated maturity from Sinking Fund Installments deposited in the Sinking Fund Account, 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 2014 Bond attached hereto as Appendix A.

The Service hereby adopts the form of Series 2014 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 2014 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 2014 Bonds shall be lettered R and shall initially be numbered one (1) consecutively upward.

Section 1.03. Conditions Precedent to Delivery of Series 2014 Bonds. The Series 2014 Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2014 Bonds and, upon payment of the purchase price of the Series 2014 Bonds, shall deliver the Series 2014 Bonds to or upon the order of the Service, but only upon delivery to the Trustee of:

- (a) a counterpart of this Series 2014 Supplemental Indenture executed by the parties hereto;

(b) an opinion of Bond Counsel to the effect that (i) this Series 2014 Supplemental Indenture of the Service authorizing the issuance of the Series 2014 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 2014 Bonds, and the Series 2014 Bonds executed, authenticated and delivered as provided in this Series 2014 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 2014 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 the Series 2014 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 Service Agreements; and

(d) a written order of the Service directing the authentication and delivery of the Series 2014 Bonds, describing the Series 2014 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2014 Bonds are to be delivered, stating the purchase price of the Series 2014 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service.

Section 1.04. Execution and Authentication. The Series 2014 Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Director or Deputy Director, 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 2014 Bonds shall cease to be such officer before delivery of the Series 2014 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 2014 Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute the Series 2014 Bonds, notwithstanding the fact that such person may not have been an officer on the date of the Series 2014 Bonds or that such person may have ceased to be an officer at the time when the Series 2014 Bonds shall be actually authenticated and delivered.

No Series 2014 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 Series 2014 Supplemental Indenture, duly executed by the Trustee, and such certificate of the Trustee upon any Series 2014 Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Series 2014 Bond so authenticated has been duly issued hereunder and that the

Holder thereof is entitled to the benefits of this Series 2014 Supplemental Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

ARTICLE II

REDEMPTION OF SERIES 2014 BONDS

Section 2.01. Redemption of Series 2014 Bonds; Selection of Series 2014 Bonds to Be Redeemed. The Series 2014 Bonds shall be subject to redemption in accordance with Appendix A hereof.

If fewer than all of the Series 2014 Bonds shall be called for redemption, the Trustee shall select the particular Series 2014 Bonds or portions of Series 2014 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 2014 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 2014 Bonds for redemption, the Trustee shall treat each Series 2014 Bond as representing that number of Series 2014 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 2014 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2014 Bonds at least 60 days prior to the redemption date of such Series 2014 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 2014 Bonds, the Trustee shall transmit to the Holders such notice of the Service's election to redeem such Series 2014 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2014 Bonds. The Trustee may provide a conditional notice of redemption upon the written direction of the Service.

(b) Each notice of redemption of Series 2014 Bonds shall be given in accordance with the terms of the Series 2014 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2014 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2014 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2014 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2014 Bonds to be redeemed, (vi) in the case of Series 2014 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 2014 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 2014 Bonds in lieu of redemption, if applicable, (ix) the conditions, if any, which must be satisfied

in order for the redemption to take place of the scheduled redemption date, as and if any applicable, and (x) any other descriptive information needed to identify accurately the Series 2014 Bonds being redeemed. If any Series 2014 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2014 Bond shall state also that on or after the redemption date, upon surrender of such Series 2014 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 Series 2014 Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2014 Bond. Each notice of redemption with respect to any Series 2014 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 2014 Bonds the Service has so elected to redeem.

(d) Failure to give notice by mailing to the Holder of any Series 2014 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 2014 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 2014 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 2014 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 2014 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 Series 2014 Supplemental Indenture and Section 5(a) of the Series 2014 Bond, on any date upon which the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds in the event of a purchase in lieu of redemption. All Series 2014 Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the Series 2014 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 2014 Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Series 2014 Bonds except to receive payment of the Purchase Price thereof, premium, if any, and accrued interest to the Purchase Date. Notwithstanding such purchase, the Series 2014 Bonds shall remain Outstanding for all purposes under this Series 2014 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 2014 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 Series 2014 Supplemental Indenture, in which case it shall so state and shall provide that a withdrawal of the purchase notices will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Application of Proceeds of Series 2014 Bonds. The proceeds of the Series 2014 Bonds, equal to \$4,500,000 shall be received by the Trustee on behalf of the Service and shall be deposited in the Construction Fund (or a subaccount therein for the Series 2014 Bonds) to pay the Costs of the Project, including certain costs of issuance of the Series 2014 Bonds. Payments from the Construction Fund from proceeds of the Series 2014 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 provide for the Sinking Fund Installments for the Series 2014 Bonds on May 1, Section 4.05(b), SECOND, subsection (ii) of the Original Indenture shall be amended and restated to read as follows:

“(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;”

Section 3.03. Debt Service Fund. In order to provide for the Sinking Fund Installments for the Series 2014 Bonds on May 1, subsections (a) through (d) in Section 4.06 of the Original Indenture shall be amended and restated to replace “November 1” with “date” or “Sinking Fund Installment due date,” to read as follows:

(a) Subject to the provisions of paragraph (b) of this Section, prior to each date on which Outstanding Series 2014 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 this Section. 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 this Section 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) above, (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 Fund 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.

Section 3.04. No Debt Service Reserve Requirement. There shall be no Debt Service Reserve Requirement for the Series 2014 Bonds.

ARTICLE IV

MISCELLANEOUS

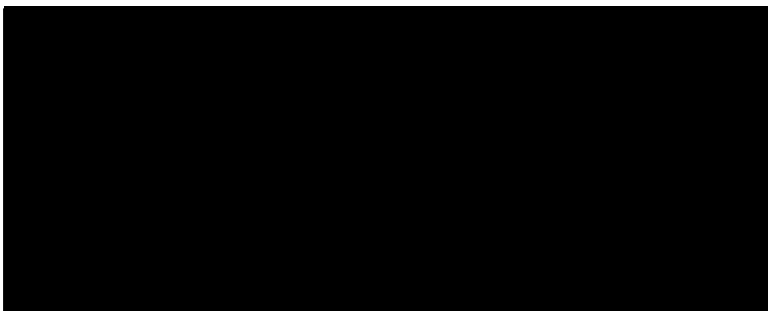
Section 4.01. Execution in Several Counterparts. This Series 2014 Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 4.02. Application of Provisions of Original Indenture. The provisions of this Series 2014 Supplemental Indenture are intended to supplement and amend those of the Original Indenture as in effect immediately prior to the execution and delivery hereof. Except as amended by this Series 2014 Supplemental Indenture, the Original Indenture shall remain in full force and effect and the provisions of the Original Indenture shall apply with like force and effect to the Series 2014 Bonds except to the extent that the provisions of the Original Indenture are expressly modified or their application expressly limited by the terms of this Series 2014 Supplemental Indenture.

Section 4.03. Governing Law. This Series 2014 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.

IN WITNESS WHEREOF, the parties hereto have caused this Series 2014 Supplemental Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

(SEAL)



ATTEST:

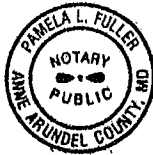


STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

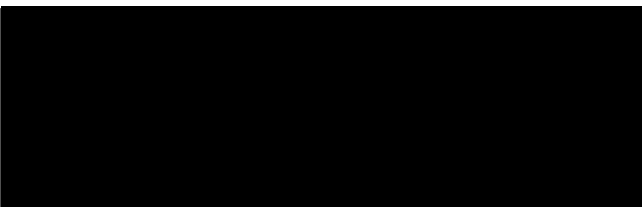
I HEREBY CERTIFY that on this 21st day of May in the year 2014, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared James M. Harkins, the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing Series 2014 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 Deputy Director of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)



Pamela L. Fuller
NOTARY PUBLIC
Anne Arundel County
State of Maryland
My Commission Expires
June 16, 2016



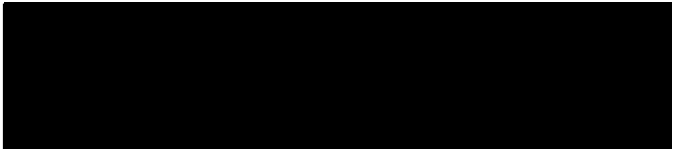
My Commission Expires: _____

STATE OF NEW JERSEY, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of May in the year 2014, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared David J. O'Brien, a Vice President 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 she, as such officer, being authorized so to do, executed the foregoing Series 2014 Supplemental Indenture of Trust for the purposes therein contained, by signing her 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.

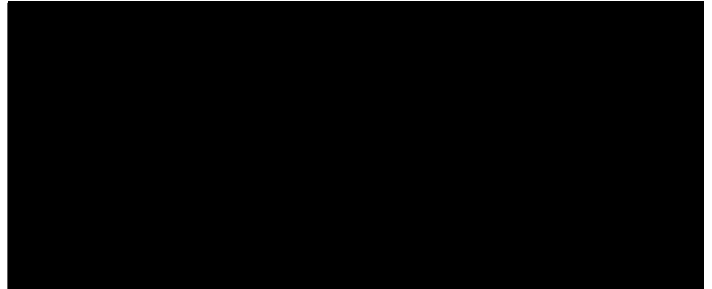
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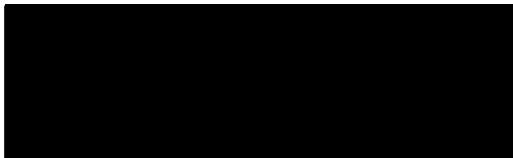
My Commission Expires: _____

IN WITNESS WHEREOF, the parties hereto have caused this Series 2014 Supplemental Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

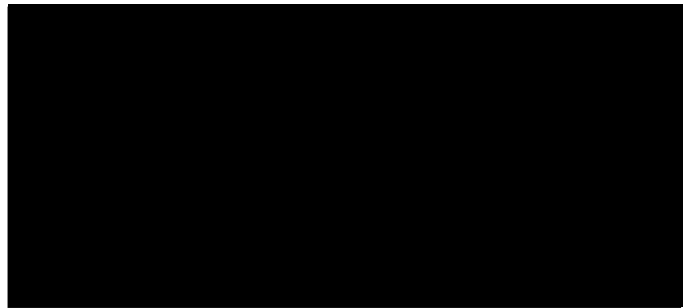
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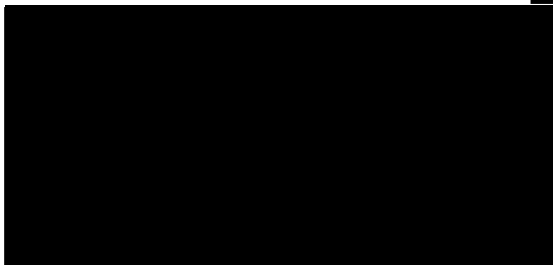
ATTEST:



(SEAL)



ATTEST:

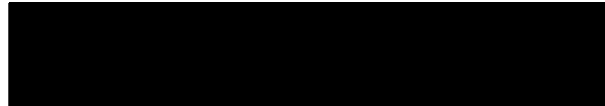


STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that on this ____ day of May in the year 2014, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared James M. Harkins, the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing Series 2014 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 Deputy Director of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)



My Commission Expires: _____

STATE OF NEW JERSEY, COUNTY OF PASSAIC, TO WIT:

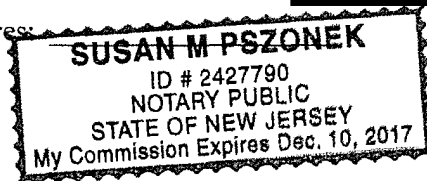
I HEREBY CERTIFY that on this 21st day of May in the year 2014, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared David J. O'Brien, a Vice President of The Bank of New York Mellon, a New York banking corporation duly organized and existing under the laws of the State of New York, and that she, as such officer, being authorized so to do, executed the foregoing Series 2014 Supplemental Indenture of Trust for the purposes therein contained, by signing her 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 Vice President of The Bank of New York Mellon.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)



My Commission Expires: _____



[FORM OF SERIES 2014 BOND]

REGISTERED
No. R-1

REGISTERED
\$4,500,000

UNITED STATES OF AMERICA
STATE OF MARYLAND

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BOND
(MID-SHORE II REGIONAL LANDFILL PROJECT), SERIES 2014

Interest Rate
(per annum)
3.14%

Maturity Date
May 1, 2029

Dated Date
May 22, 2014

CUSIP
None

Registered Owner: Branch Banking and Trust Company

Principal Sum: FOUR MILLION FIVE HUNDRED THOUSAND 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, 2014 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 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014" (the "Series 2014 Bonds"), aggregating Four Million Five Hundred Thousand Dollars (\$4,500,000) in principal amount, dated May 22, 2014, 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") and the Supplemental Indenture of Trust dated as of May 1, 2014 by and between the Service and the Trustee (the "Series 2014 Supplemental Indenture," and together with the Original Indenture, the "Indenture"). The terms of the Series 2014 Bonds include those stated in the Indenture, and the Series 2014 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 2014 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, herein called 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 referred to herein as the "Subdivisions") 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 2014 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 2014 Bonds. The Series 2014 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. The Series 2014 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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 2029	\$4,500,000	3.14%

4. Additional Bonds. The Original Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Original Indenture. (The Series 2014 Bonds

and other Bonds issued under the Indenture are herein referred to as the “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. The Series 2014 Bonds at the time Outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. The Bonds are subject to redemption in whole prior to maturity on any date on or after May 22, 2022, at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2014 Bonds’ to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) Extraordinary Mandatory Redemption. The Series 2014 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 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 Project and net proceeds of all or any part of the 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 2014 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 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 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 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 Project by a competent authority or loss of use or possession of all or substantially all of the 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 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 Project, or (C) the Service is no longer able to operate the Project; or

(iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 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.

(d) Mandatory Sinking Fund Redemption. The Series 2014 Bonds are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments commencing May 1, 2015 and on each May 1 thereafter as set forth in Schedule 1 hereto and made a part hereof.

(c) Selection of Bonds to be Redeemed. If fewer than all of the Series 2014 Bonds of any one maturity shall be called for redemption, the particular Series 2014 Bonds or portions of Series 2014 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 2014 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 2014 Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption, and 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 the Series 2014 Bonds. As provided in the Series 2014 Supplemental Indenture, the Trustee may provide a conditional notice of redemption 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 2014 Bonds or portions of Series 2014 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014 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 2014

Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2014 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 2014 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 2014 Bonds shall be called for redemption, a new Series 2014 Bond or Series 2014 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 2014 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 2014 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 2014 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 Series 2014 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.

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 Deputy Director, all as of the ____ day of May, 2014.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
James M. Harkins
Director

[SEAL]

Attest:

John J. O'Neill, Jr.
Deputy Director

[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 Kutak Rock LLP, Bond Counsel is on file with the undersigned.

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
David J. O'Brien
Vice President

SCHEDULE 1

Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2014

Principal Sinking Fund Installment and Interest Payment Schedule

Bond Debt Service

Maryland Environmental Service Customer No. 9920000131 NAICS: 924110
Revenue Bond(Mid-Shore II Regional Landfill Project Series 2014) Customer No. 00008

Dated Date 5/22/2014
Delivery
Date 5/22/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
5/22/2014						4,500,000.00	4,500,000.00
11/1/2014			62,407.50	62,407.50		4,500,000.00	4,500,000.00
5/1/2015	247,043.27	3.140%	70,650.00	317,693.27		4,252,956.73	4,252,956.73
6/30/2015					380,100.77	4,252,956.73	4,252,956.73
11/1/2015			66,771.42	66,771.42		4,252,956.73	4,252,956.73
5/1/2016	246,557.92	3.140%	66,771.42	313,329.35		4,006,398.81	4,006,398.81
6/30/2016					380,100.77	4,006,398.81	4,006,398.81
11/1/2016			62,900.46	62,900.46		4,006,398.81	4,006,398.81
5/1/2017	254,299.84	3.140%	62,900.46	317,200.30		3,752,098.97	3,752,098.97
6/30/2017					380,100.77	3,752,098.97	3,752,098.97
11/1/2017			58,907.95	58,907.95		3,752,098.97	3,752,098.97
5/1/2018	262,284.86	3.140%	58,907.95	321,192.81		3,489,814.11	3,489,814.11
6/30/2018					380,100.77	3,489,814.11	3,489,814.11
11/1/2018			54,790.08	54,790.08		3,489,814.11	3,489,814.11
5/1/2019	270,520.60	3.140%	54,790.08	325,310.68		3,219,293.50	3,219,293.50
6/30/2019					380,100.77	3,219,293.50	3,219,293.50
11/1/2019			50,542.91	50,542.91		3,219,293.50	3,219,293.50
5/1/2020	279,014.95	3.140%	50,542.91	329,557.86		2,940,278.55	2,940,278.55
6/30/2020					380,100.77	2,940,278.55	2,940,278.55
11/1/2020			46,162.37	46,162.37		2,940,278.55	2,940,278.55
5/1/2021	287,776.02	3.140%	46,162.37	333,938.39		2,652,502.53	2,652,502.53
6/30/2021					380,100.77	2,652,502.53	2,652,502.53
11/1/2021			41,644.29	41,644.29		2,652,502.53	2,652,502.53
5/1/2022	296,812.19	3.140%	41,644.29	338,456.48		2,355,690.35	2,355,690.35

6/30/2022					380,100.77	2,355,690.35	2,355,690.35
11/1/2022			36,984.34	36,984.34		2,355,690.35	2,355,690.35
5/1/2023	306,132.09	3.140%	36,984.34	343,116.43		2,049,558.26	2,049,558.26
6/30/2023					380,100.77	2,049,558.26	2,049,558.26
11/1/2023			32,178.06	32,178.06		2,049,558.26	2,049,558.26
5/1/2024	315,744.64	3.140%	32,178.06	347,922.70		1,733,813.62	1,733,813.62
6/30/2024					380,100.77	1,733,813.62	1,733,813.62
11/1/2024			27,220.87	27,220.87		1,733,813.62	1,733,813.62
5/1/2025	325,659.02	3.140%	27,220.87	352,879.89		1,408,154.60	1,408,154.60
6/30/2025					380,100.77	1,408,154.60	1,408,154.60
11/1/2025			22,108.03	22,108.03		1,408,154.60	1,408,154.60
5/1/2026	335,884.71	3.140%	22,108.03	357,992.74		1,072,269.89	1,072,269.89
6/30/2026					380,100.77	1,072,269.89	1,072,269.89
11/1/2026			16,834.64	16,834.64		1,072,269.89	1,072,269.89
5/1/2027	346,431.49	3.140%	16,834.64	363,266.13		725,838.40	725,838.40
6/30/2027					380,100.77	725,838.40	725,838.40
11/1/2027			11,395.66	11,395.66		725,838.40	725,838.40
5/1/2028	357,309.44	3.140%	11,395.66	368,705.10		368,528.96	368,528.96
6/30/2028					380,100.77	368,528.96	368,528.96
11/1/2028			5,785.90	5,785.90		368,528.96	368,528.96
5/1/2029	368,528.96	3.140%	5,785.90	374,314.86			
6/30/2029					380,100.77		

[FORM OF CONSTRUCTION FUND REQUISITION]

\$4,500,000
Maryland Environmental Service
Revenue Bonds
(Mid-Shore II Regional Landfill Project),
Series 2014
(the "Series 2014 Bonds")

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 "Original Indenture") and the Supplemental Indenture of Trust dated as of May 1, 2014 (the "Series 2014 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), by and between the Maryland Environmental Service (the "Service") and The Bank of New York Mellon (the "Trustee"), we request that you make a disbursement of funds from proceeds of the above referenced Series 2014 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 the Project (as defined in the Indenture) or 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) no written notice of any lien, right to lien or attachment upon, or claim affecting the Project, or the right to receive payment of any of the moneys payable under such requisition to any of the persons named therein has been received, or if any notice of any lien, attachment or claim has been received, such lien, attachment or claim has been fully bonded, collateralized, released or discharged or will be released or discharged upon payment of the requisitions; (v) 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 the Project, as

evidenced by the attached invoices or receipts; (vi) 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 (vii) 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: _____
Authorized Officer

[SIGNATURE PAGE TO THE CONSTRUCTION FUND REQUISITION]

SCHEDULE I

DISBURSEMENTS FROM CONSTRUCTION FUND

DESCRIPTION	PAYEE	AMOUNT
		\$ _____

WIRING/MAILING INFORMATION FOR PAYEES

See attached

SECOND SUPPLEMENTAL INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

\$8,915,000

MARYLAND ENVIRONMENTAL SERVICE

REVENUE BONDS

(MID-SHORE II REGIONAL LANDFILL PROJECT)

SERIES 2018

Dated as of August 1, 2018

SECOND SUPPLEMENTAL INDENTURE OF TRUST

THIS SECOND SUPPLEMENTAL INDENTURE OF TRUST dated as of August 1, 2018 (this “Second 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" and, together with the Original Indenture, the "Existing Indenture"), by and between the Service and the Trustee; and

WHEREAS, on June 28, 2018, the Service adopted a resolution authorizing the issuance, sale and delivery of its Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018 (the "Series 2018 Bonds") in an aggregate principal amount not to exceed \$10,000,000, for the purpose of funding certain costs related to the design, development and construction of additional disposal capacity at Cell Number 3 at the Mid-Shore II Landfill (the "2018 Project"). The Series 2018 Bonds will be issued and secured under and pursuant to the Existing Indenture and this Second Supplemental Indenture (collectively, the "Indenture"); and

WHEREAS, the Mid-Shore Counties have adopted resolutions, which (i) acknowledge and accept the development and construction of additional capacity at the Mid-Shore II Landfill and the issuance of the Series 2018 Bonds for such purpose, (ii) acknowledge and confirm that the Series 2018 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 2018 Bonds were offered by the Service at a competitive bidding on July 25, 2018, 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 Second Supplemental Indenture is being entered into for the purpose of issuing the Series 2018 Bonds as Additional Bonds; and

WHEREAS, all acts and requirements necessary to make this Second 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 Second Supplemental Indenture shall have the meanings assigned thereto in the Existing Indenture.

NOW, THEREFORE, THIS SECOND 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 2018 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 2018 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

AUTHORIZATION AND DETAILS OF THE SERIES 2018 BONDS

Section 1.01. Series 2018 Bonds Authorized. There is hereby authorized the issuance of a Series of Bonds in the aggregate principal amount of Eight Million Nine Hundred Fifteen Thousand Dollars (\$8,915,000), which shall be designated “Maryland Environmental Service Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018,” for the purpose of financing the Costs of the 2018 Project in order to improve or increase the disposal capacity of the Mid-Shore II Landfill.

Section 1.02. Details of Bonds; Form of Bonds and Certificate of Authentication. The Series 2018 Bonds shall be issued in definitive registered form, duly executed, authenticated and fully registered in the name of the initial Bondholder. The Series 2018 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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$575,000	3.000%
2019	\$490,000	3.000%
2020	\$510,000	3.000%
2021	\$520,000	3.000%
2022	\$540,000	4.000%
2023	\$570,000	5.000%
2024	\$600,000	5.000%
2025	\$625,000	5.000%
2026	\$660,000	5.000%
2027	\$690,000	5.000%
2028	\$725,000	5.000%
2029	\$1,150,000	4.000%
2030	\$1,260,000	3.000%

The Series 2018 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 2018 Bond attached hereto as Appendix A.

The Service hereby adopts the form of Series 2018 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 2018 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 2018 Bonds shall be lettered R and shall initially be numbered one (1) consecutively upward through thirteen (13).

Section 1.03. Conditions Precedent to Delivery of Series 2018 Bonds. The Series 2018 Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2018 Bonds and, upon payment of the purchase price of the Series 2018 Bonds, shall deliver the Series 2018 Bonds to or upon the order of the Service, but only upon delivery to the Trustee of:

(a) a counterpart of this Second 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 Second Supplemental Indenture of the Service authorizing the issuance of the Series 2018 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 2018 Bonds, and the Series 2018 Bonds executed, authenticated and delivered as provided in this Second 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 2018 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 the Series 2018 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 Mid-Shore Counties is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of any of the Service Agreements; and

(d) a written order of the Service directing the authentication and delivery of the Series 2018 Bonds, describing the Series 2018 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2018 Bonds are to be delivered, stating the purchase price of the Series 2018 Bonds

and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service.

Section 1.04. Execution and Authentication. The Series 2018 Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Director or Deputy Director, 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 2018 Bonds shall cease to be such officer before delivery of the Series 2018 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 2018 Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute the Series 2018 Bonds, notwithstanding the fact that such person may not have been an officer on the date of the Series 2018 Bonds or that such person may have ceased to be an officer at the time when the Series 2018 Bonds shall be actually authenticated and delivered.

No Series 2018 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 Second Supplemental Indenture, duly executed by the Trustee, and such certificate of the Trustee upon any Series 2018 Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Series 2018 Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Second Supplemental Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

ARTICLE II

REDEMPTION OF SERIES 2018 BONDS

Section 2.01. Redemption of Series 2018 Bonds; Selection of Series 2018 Bonds to Be Redeemed. The Series 2018 Bonds shall be subject to redemption in accordance with Appendix A hereof.

If fewer than all of the Series 2018 Bonds shall be called for redemption, the Trustee shall select the particular Series 2018 Bonds or portions of Series 2018 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 2018 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 2018 Bonds for redemption, the Trustee shall treat each Series 2018 Bond as representing that number of Series 2018 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 2018 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2018 Bonds at least 60 days prior to the redemption date of such Series 2018

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 2018 Bonds, the Trustee shall transmit to the Holders such notice of the Service's election to redeem such Series 2018 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2018 Bonds. The Trustee may provide a conditional notice of redemption upon the written direction of the Service.

(b) Each notice of redemption of Series 2018 Bonds shall be given in accordance with the terms of the Series 2018 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2018 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2018 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2018 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2018 Bonds to be redeemed, (vi) in the case of Series 2018 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 2018 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 2018 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, and (x) any other descriptive information needed to identify accurately the Series 2018 Bonds being redeemed. If any Series 2018 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2018 Bond shall state also that on or after the redemption date, upon surrender of such Series 2018 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 Second Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2018 Bond. Each notice of redemption with respect to any Series 2018 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 2018 Bonds the Service has so elected to redeem.

(d) Failure to give notice by mailing to the Holder of any Series 2018 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

2018 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 2018 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 2018 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 2018 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 Second Supplemental Indenture and Section 5(a) of the Series 2018 Bond, on any date upon which the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds in the event of a purchase in lieu of redemption. All Series 2018 Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the Series 2018 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 2018 Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Series 2018 Bonds except to receive payment of the Purchase Price thereof and accrued interest to the Purchase Date. Notwithstanding such purchase, the Series 2018 Bonds shall remain Outstanding for all purposes under this Second 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 2018 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 Second 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

Section 3.01. Application of Proceeds of Series 2018 Bonds. The proceeds of the Series 2018 Bonds, equal to \$9,804,416.70 (representing the par amount of the bonds of \$8,915,000 plus a premium of \$927,305.45 minus the underwriter's discount of \$37,888.75) shall be received by the Trustee on behalf of the Service and shall be deposited in the Construction Fund (or a subaccount therein for the Series 2018 Bonds) to pay the Costs of the 2018 Project, including certain costs of issuance of the Series 2018 Bonds. Payments from the Construction Fund from proceeds of the Series 2018 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 2018 Bonds and the first principal payment date of November 1, 2018, 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 2018 Bonds, one-half (1/2) of the amount of any principal of the Series 2018 Bonds becoming due on November 1, 2018) and”

Section 3.03. No Debt Service Reserve Fund Requirement. There shall be no Debt Service Reserve Fund Requirement for the Series 2018 Bonds.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Execution in Several Counterparts. This Second 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 Second 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 Second 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 2018 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 Second Supplemental Indenture.

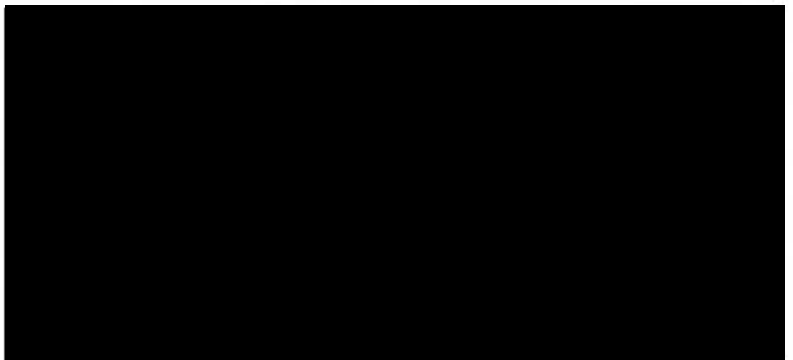
Section 4.03. Governing Law. This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of Maryland without regard to conflict of law principles

Section 4.04. Trustee. The Trustee makes no representations as to the sufficiency or validity of this Second 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 Second Supplemental Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

(SEAL)



ATTEST:



STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

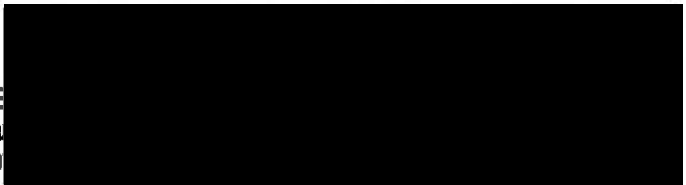
I HEREBY CERTIFY that on this 6th day of August in the year 2018, before the subscriber, a Notary Public in and for the State of Maryland, personally appeared Roy C. McGrath, the Director of the Maryland Environmental Service, and that he, as such officer, being authorized so to do, executed the foregoing Second 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 Deputy Director of the Maryland Environmental Service.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)



PAMELA L. FULLER
Notary Public, State of Maryland
Anne Arundel County
My Commission Expires June 16, 2020

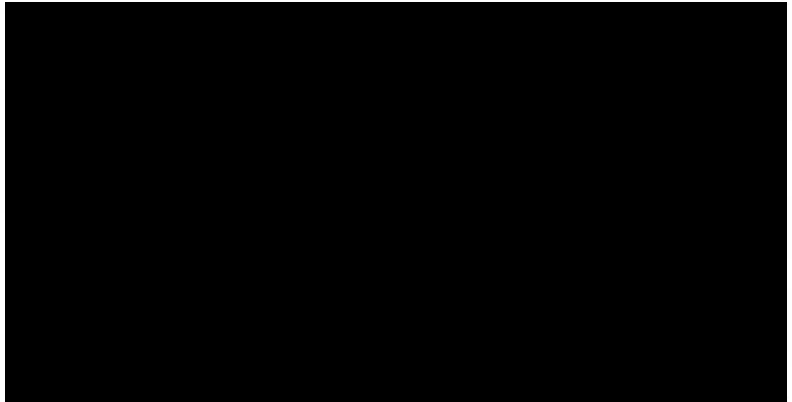


My Commission Expires June 16, 2020

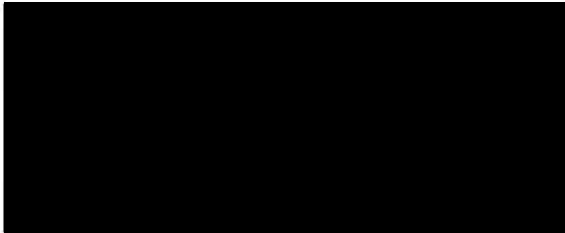
[Service Signature Page to Second Supplemental Indenture of Trust]

[Signatures Continue on Following Page]

(SEAL)



ATTEST:

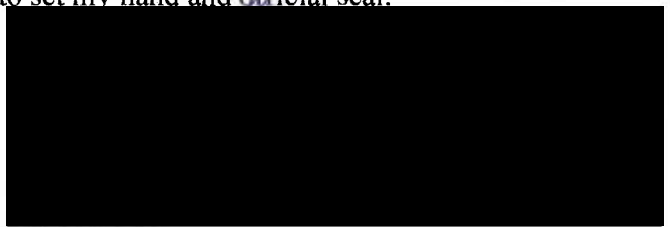


STATE OF NEW JERSEY, COUNTY OF Passaic, TO WIT:

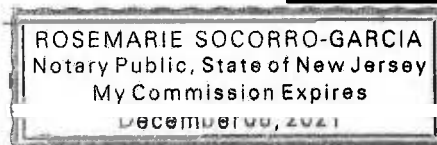
I HEREBY CERTIFY that on this 8th day of August in the year 2018, before the subscriber, a Notary Public in and for the State of New Jersey, personally appeared Janet Russo, a Vice President of The Bank of New York Mellon, a New York banking corporation duly organized and existing under the laws of the State of New York, and that she, as such officer, being authorized so to do, executed the foregoing Second Supplemental Indenture of Trust for the purposes therein contained, by signing her 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 Vice President of The Bank of New York Mellon.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)



My Commission Expires:



[Trustee Signature Page to Second Supplemental Indenture of Trust]

[FORM OF SERIES 2018 BOND]

REGISTERED
No. R- _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BOND
(MID-SHORE II REGIONAL LANDFILL PROJECT),
SERIES 2018

Interest Rate
(per annum)
____%

Maturity Date
November 1, 20__

Dated Date
August __, 2018

CUSIP

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, 2018 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 Revenue Bonds (Mid-Shore II Regional Landfill Project) Series 2018" (the "Series 2018 Bonds"), aggregating Eight Million Nine Hundred Fifteen Thousand Dollars (\$8,915,000) in principal amount, dated August __, 2018, 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" and, together with the Original Indenture, the "Existing Indenture") and 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 Existing Indenture, the “Indenture”). The terms of the Series 2018 Bonds include those stated in the Indenture, and the Series 2018 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 2018 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 2018 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 2018 Bonds. The Series 2018 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 2018 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
2018	\$575,000	3.000%	2025	\$625,000	5.000%
2019	\$490,000	3.000%	2026	\$660,000	5.000%

2020	\$510,000	3.000%	2027	\$690,000	5.000%
2021	\$520,000	3.000%	2028	\$725,000	5.000%
2022	\$540,000	4.000%	2029	\$1,150,000	4.000%
2023	\$570,000	5.000%	2030	\$1,260,000	3.000%
2024	\$600,000	5.000%			

4. Additional Bonds. The Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Indenture. (The Series 2018 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. The Series 2018 Bonds at the time Outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. The Bonds are subject to redemption in whole, or in part, prior to maturity on any date on or after November 1, 2028, at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2018 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) Extraordinary Mandatory Redemption. The Series 2018 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 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 2018 Project (as defined in the Indenture) and net proceeds of all or any part of the 2018 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 2018 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 2018 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 2018 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 2018

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 2018 Project by a competent authority or loss of use or possession of all or substantially all of the 2018 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 2018 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 2018 Project, or (C) the Service is no longer able to operate the 2018 Project; or

(iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the 2018 Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 2018 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.

(c) Selection of Bonds to be Redeemed. If fewer than all of the Series 2018 Bonds of any one maturity shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 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 2018 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 2018 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 2018 Bonds. As provided in the Second Supplemental Indenture, the Trustee may provide a conditional notice of redemption 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 2018 Bonds or portions of Series 2018 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2018 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 2018 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2018 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 2018 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 2018 Bonds shall be called for redemption, a new Series 2018 Bond or Series 2018 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 2018 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 2018 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 2018 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 Deputy Director, all as of the ____ day of August, 2018.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Roy C. McGrath
Director

[SEAL]

Attest:

Beth S. Wojton
Deputy Director

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: _____
Janet Russo
Vice President

[FORM OF CONSTRUCTION FUND REQUISITION]

\$8,915,000
Maryland Environmental Service
Revenue Bonds
(Mid-Shore II Regional Landfill Project),
Series 2018

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 and the Second Supplemental Indenture of Trust dated as of August 1, 2018 (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 2018 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 the 2018 Project (as defined in the Indenture) or 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) no written notice of any lien, right to lien or attachment upon, or claim affecting the 2018 Project, or the right to receive payment of any of the moneys payable under such requisition to any of the persons named therein has been received, or if any notice of any lien, attachment or claim has been received, such lien, attachment or claim has been fully bonded, collateralized, released or discharged or will be released or discharged upon payment of the requisitions; (v) 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 the 2018

Project, as evidenced by the attached invoices or receipts; (vi) 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 (vii) 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

THIRD SUPPLEMENTAL INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

\$9,805,000

**MARYLAND ENVIRONMENTAL SERVICE
REFUNDING REVENUE BONDS
(MID-SHORE II REGIONAL LANDFILL PROJECT)
SERIES 2020**

Dated as of September 1, 2020

THIRD SUPPLEMENTAL INDENTURE OF TRUST

THIS THIRD SUPPLEMENTAL INDENTURE OF TRUST dated as of September 1, 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 23, 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 \$12,000,000, 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 September 16, 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 September 1, 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 Eight Hundred Five Thousand Dollars (\$9,805,000), 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, payable on November 1, 2020 and semiannually thereafter on each May 1 and November 1 until maturity or redemption, and shall mature on November 1 in each of the years and in the principal amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$815,000	4.000%

2022	850,000	4.000%
2023	880,000	4.000%
2024	915,000	4.000%
2025	955,000	4.000%
2026	990,000	4.000%
2027	1,035,000	4.000%
2028	1,080,000	4.000%
2029	1,125,000	4.000%
2030	1,160,000	3.000%

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, Deputy Director or Treasurer, and sealed with its corporate seal (or a facsimile thereof). 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, whether by manual or facsimile signature, by any authorized signatory of the Trustee.

ARTICLE II

REDEMPTION OF SERIES 2020 BONDS

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 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 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 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

Section 3.01. Application of Proceeds of Series 2020 Bonds. The proceeds of the Series 2020 Bonds, equal to \$11,467,947.65 (representing the par amount of the bonds of \$9,805,000 plus a premium of \$1,699,983.30 minus the underwriter's discount of \$37,035.65) shall be received by the Trustee on behalf of the Service and shall be deposited as follows:

(a) an amount equal to \$11,297,583.49 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 \$170,364.16 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.

In addition, the Service will deposit or cause to be deposited into the Redemption Fund established for the Series 2011 Bonds an amount equal to \$1,055,087.63, which amount is currently on deposit with the Trustee in the Debt Service Fund established for the Series 2011 Bonds and which will be transferred to the Escrow Deposit Agent for application in accordance with the Escrow Deposit Agreement.

Section 3.02. Debt Service Fund. In order to clarify a prior amendment made to the Existing Indenture, subsection (a) in Section 4.06 of the Existing Indenture shall be amended and restated to read as follows:

“(i) Subject to the provisions of paragraph (b) of this Section, 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 this Section. 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.”

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; Electronic Signatures. 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. The counterparts of this Third Supplemental Indenture may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

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.

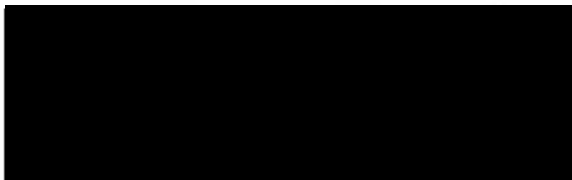
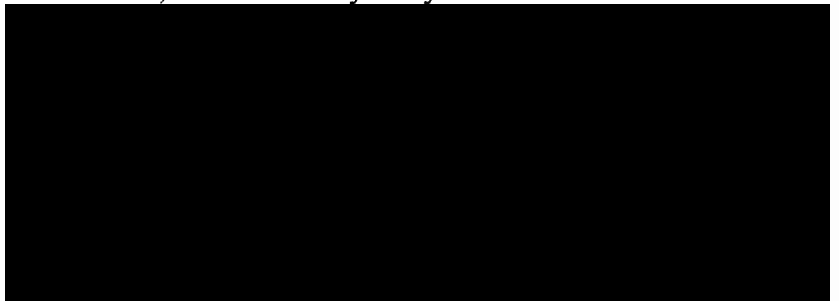
Section 4.04. Trustee. The Trustee makes no representations as to the sufficiency or validity of this Third Supplemental Indenture. The recitals herein are deemed to be those of the Service and not of the Trustee.

[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)

ATTEST:



[Service Signature Page to Third Supplemental Indenture of Trust]

[Signatures Continue on Following Page]

ATTEST:

[Trustee Signature Page 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
November 1, 20__

Dated Date
September __, 2020

CUSIP

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 Eight Hundred Five Thousand Dollars (\$9,805,000) in principal amount, dated September __, 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 September 1, 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	Principal	Interest	November	Principal	Interest

1	Amount	Rate	1	Amount	Rate
2021	\$815,000	4.000%	2026	\$990,000	4.000%
2022	850,000	4.000	2027	1,035,000	4.000
2023	880,000	4.000	2028	1,080,000	4.000
2024	915,000	4.000	2029	1,125,000	4.000
2025	955,000	4.000	2030	1,160,000	3.000

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. 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, 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.

(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 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 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, or delivered via electronic means, 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 or deliver 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, all as of the ____ day of _____, 2020.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Dr. Charles Glass, Ph.D.
Acting Director

[SEAL]

ATTEST:

Name:
Title:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, 2020

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]

\$9,805,000
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 September 1, 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

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APPENDIX D-2
FORM OF FOURTH SUPPLEMENTAL INDENTURE

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FOURTH SUPPLEMENTAL INDENTURE OF TRUST

by and between

MARYLAND ENVIRONMENTAL SERVICE

and

THE BANK OF NEW YORK MELLON, as Trustee

\$[28,000,000]

MARYLAND ENVIRONMENTAL SERVICE

REVENUE BONDS

(MIDSHORE II REGIONAL LANDFILL PROJECT)

SERIES 2025

Dated as of October 1, 2025

FOURTH SUPPLEMENTAL INDENTURE OF TRUST

THIS FOURTH SUPPLEMENTAL INDENTURE OF TRUST dated as of October 1, 2025 (this “**Fourth 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 “**Midshore 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 Midshore 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 Midshore 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 “**Midshore II Landfill**”), to accept solid waste generated within the boundaries of the Midshore Counties upon the closure on December 31, 2010, of a landfill previously financed, operated and constructed by the Service; and

WHEREAS, pursuant to an Amended and Restated Memorandum of Understanding dated July 16, 2024 by and between the Service and the Midshore Counties, the parties agreed to, among other things, extend the term for which the Service will accept solid waste at the Midshore II Regional Landfill beyond the initial 20-year period; 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 Midshore Counties, each of the Midshore Counties entered into certain waste disposal service agreements (the “**Service Agreements**”) with the Service relating to the Midshore II Landfill; and

WHEREAS, on February 15, 2011, the Service issued its \$18,275,000 Maryland Environmental Service Revenue Bonds (Midshore 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 Midshore 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 (Midshore 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 Midshore II 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 (Midshore 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 Midshore II 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**”), by and between the Service and the Trustee; and

WHEREAS, on September 1, 2020, the Service issued its \$9,805,000 Maryland Environmental Service Refunding Revenue Bonds (Midshore II Regional Landfill Project) Series 2020 (the “**Series 2020 Bonds**”) for the purpose of refunding the outstanding principal balance of the Series 2011 Bonds. The Series 2020 Bonds were issued pursuant to the Third Supplemental Indenture of Trust, dated as of September 1, 2020 (the “**Third Supplemental Indenture**”, and, together with the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the “**Existing Indenture**”), by and between the Service and the Trustee;

WHEREAS, on June 26, 2025 and August 21, 2025, respectively, the Service adopted resolutions authorizing the issuance, sale and delivery of its Maryland Environmental Service Revenue Bonds (Midshore II Regional Landfill Project) Series 2025 (the “**Series 2025 Bonds**”) in an aggregate principal amount not to exceed \$28,000,000, for the purpose of (i) financing or refinancing or a portion of the costs of the planning, design, construction, equipping and operation of the fourth and fifth cells (Cell Number 5 and Cell Number 1) at the Midshore II Landfill, the related infrastructure and all other costs related thereto, (ii) fund certain reserves, if any, (iii) pay capitalized interest on the Series 2025 Bonds, and (iv) pay for certain costs of issuance of the Series 2025 Bonds (the “**2025 Project**”). The Series 2025 Bonds shall be issued and secured under and pursuant to the Existing Indenture and this Fourth Supplemental Indenture (collectively, the “**Indenture**”);

WHEREAS, the Midshore Counties adopted resolutions, which (i) acknowledge and accept the development and construction of additional capacity at the Midshore II Landfill and the issuance of the Series 2025 Bonds for such purpose, (ii) acknowledge and confirm that the Series 2025 Bonds constitute Indebtedness under the Service Agreements and a part of Total Costs (as defined in the Service Agreement), and (iii) recognize that the Midshore 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 2025 Bonds were offered by the Service at a competitive bidding on October 1, 2025, 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 Fourth Supplemental Indenture is being entered into for the purpose of issuing the Series 2025 Bonds as Additional Bonds; and

WHEREAS, all acts and requirements necessary to make this Fourth 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 Fourth Supplemental Indenture shall have the meanings assigned thereto in the Existing Indenture.

NOW, THEREFORE, THIS FOURTH 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 2025 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 2025 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 2025 BONDS

Section 1.01. Definitions. Terms used in this Fourth Supplemental Indenture and not defined herein shall have the respective meanings given such terms in the Existing Indenture. As used in this Fourth Supplemental Indenture, unless a different meaning clearly appears from the context, the following terms shall have the meanings indicated below.

“Capitalized Interest Period” means the period from the date of delivery of the Series 2025 Bonds to and including [_____, 20__.]

“Series 2025 Capitalized Interest Subaccount ” means the Capitalized Interest Subaccount established within the Interest Account of the Debt Service Fund pursuant to Section 3.01 herein.

Section 1.02. Series 2025 Bonds Authorized. There is hereby authorized the issuance of a Series of Bonds in the aggregate principal amount of [Twenty Eight Million Dollars (\$28,000,000)], which shall be designated “Maryland Environmental Service Revenue Bonds

(Midshore II Regional Landfill Project) Series 2025,” for the purpose of financing the Costs of the 2025 Project in order to improve or increase the disposal capacity of the Midshore II Landfill.

Section 1.03. Details of Bonds; Form of Bonds and Certificate of Authentication.

The Series 2025 Bonds shall be issued in definitive registered form, duly executed, authenticated and fully registered in the name of the initial Bondholder. The Series 2025 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, payable on May 1, 2026 and semiannually thereafter on each November 1 and May 1 until maturity or redemption, and shall mature on November 1 in each of the years and in the principal amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 1		

The Series 2025 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 2025 Bond attached hereto as Appendix A.

The Service hereby adopts the form of Series 2025 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 2025 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 2025 Bonds shall be lettered R and shall initially be numbered [one (1) consecutively upward through ____ ()].

Section 1.04. Conditions Precedent to Delivery of Series 2025 Bonds. The Series 2025 Bonds shall be executed by the Service and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2025 Bonds and, upon payment of the purchase price of the Series 2025 Bonds, shall deliver the Series 2025 Bonds to or upon the order of the Service, but only upon delivery to the Trustee of:

(a) a counterpart of this Fourth Supplemental Indenture executed by the parties hereto;

(b) an opinion of Saul Ewing LLP, as Bond Counsel (“**Bond Counsel**”), to the effect that (i) this Fourth Supplemental Indenture of the Service authorizing the issuance of the Series 2025 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 2025 Bonds, and the Series 2025 Bonds executed, authenticated and delivered as provided in this Fourth 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 2025 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 certificate of an Authorized Officer of the Service to the effect that, on the date of the authentication and delivery of the Series 2025 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 Midshore Counties is in default in the performance or observance of any of the covenants, conditions, agreements or provisions of any of the Service Agreements; and

(d) a written order of the Service directing the authentication and delivery of the Series 2025 Bonds, describing the Series 2025 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2025 Bonds are to be delivered, stating the purchase price of the Series 2025 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Service.

Section 1.05. Execution and Authentication. The Series 2025 Bonds shall be executed in the name and on behalf of the Service by the manual or facsimile signature of its Executive Director, Secretary, Treasurer, Deputy Treasurer or the Managing Director of Finance, and sealed with its corporate seal (or a facsimile thereof). In case any officer whose manual or facsimile signature appears on the Series 2025 Bonds shall cease to be such officer before delivery of the Series 2025 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 2025 Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute the Series 2025 Bonds, notwithstanding the fact that such person may not have been an officer on the date of the Series 2025 Bonds or that such person may have ceased to be an officer at the time when the Series 2025 Bonds shall be actually authenticated and delivered.

No Series 2025 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 Fourth Supplemental Indenture, duly executed by the Trustee, and such certificate of the Trustee upon any Series 2025 Bond executed on behalf of the Service shall be conclusive evidence and the only evidence required that the Series 2025 Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Fourth Supplemental Indenture. The certificate of the Trustee may be executed, whether by manual or facsimile signature, by any authorized signatory of the Trustee.

ARTICLE II

REDEMPTION OF SERIES 2025 BONDS

Section 2.01. Redemption of Series 2025 Bonds; Selection of Series 2025 Bonds to Be Redeemed. The Series 2025 Bonds shall be subject to redemption in accordance with Appendix A hereof.

If fewer than all of the Series 2025 Bonds shall be called for redemption, the Trustee shall select the particular Series 2025 Bonds or portions of Series 2025 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 2025 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 2025 Bonds for redemption, the Trustee shall treat each Series 2025 Bond as representing that number of Series 2025 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 2025 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2025 Bonds at least 60 days prior to the redemption date of such Series 2025 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 2025 Bonds, the Trustee shall transmit to the Holders such notice of the Service's election to redeem such Series 2025 Bonds pursuant to Section 5(a), 5(b) or 5(c) of the Series 2025 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 2025 Bonds shall be given in accordance with the terms of the Series 2025 Bonds at least 30 days before the redemption date and shall set forth (i) the maturities of the Series 2025 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Series 2025 Bonds will be redeemed at the designated corporate trust office of the Trustee specified therein, (v) if fewer than all of the Series 2025 Bonds of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers distinctive numbers and letters, if any, of the Series 2025 Bonds to be redeemed, (vi) in the case of Series 2025 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 2025 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 2025 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 2025 Bonds being redeemed. If any Series 2025 Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2025 Bond shall state also that on or after the redemption date, upon surrender of such Series 2025 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 Fourth Supplemental Indenture, will be issued in aggregate principal amount equal to the unredeemed portion of such Series 2025 Bond. Each notice of redemption with respect to any Series 2025 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 2025 Bonds the Service has so elected to redeem.

(d) Failure to give notice by mailing to the Holder of any Series 2025 Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series 2025 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 2025 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 2025 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 2025 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 Fourth Supplemental Indenture and Section 5(a) of the Series 2025 Bond, on any date upon which the Series 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bonds in the event of a purchase in lieu of redemption. All Series 2025 Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the Series 2025 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 2025 Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Series 2025 Bonds except to receive payment of the Purchase Price thereof and accrued interest to the Purchase Date. Notwithstanding such purchase, the Series 2025 Bonds shall remain Outstanding for all purposes under this Fourth 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 2025 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 Fourth 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

Section 3.01. Creation of Accounts and Subaccounts. (a) The following subaccounts are hereby created within the Debt Service Fund, which subaccounts the Trustee is hereby directed to open and maintain under the Indenture:

- (i) within the Principal Account, the Series 2025 Principal Subaccount;
- (ii) within the Interest Account, the Series 2025 Interest Subaccount;
- (iii) within the Interest Account, the Series 2025 Capitalized Interest Subaccount; and
- (iv) [within the Sinking Fund Account, the Series 2025 Sinking Fund Subaccount]¹.

¹ NTD: pending determination of Term Bonds.

(b) The following account is hereby created within the Construction Fund, which subaccount the Trustee is hereby directed to open and maintain under the Indenture: the “Series 2025 Construction Account.”

Section 3.02. Series 2025 Capitalized Interest Subaccount. Moneys in the Series 2025 Capitalized Interest Subaccount shall be used exclusively for the payment of interest accruing on the Series 2025 Bonds during the Capitalized Interest Period. The Trustee is hereby directed to transfer funds in the Series 2025 Capitalized Interest Subaccount to the Series 2025 Interest Account on or prior to the next payment date. Following the Capitalized Interest Period, the Trustee, upon receipt of written instruction from the Service, shall transfer amounts remaining on deposit in the Series 2025 Capitalized Interest Subaccount to the Series 2025 Construction Account for application pursuant to Section 3.03(b) herein. When no amounts remain on deposit in the Series 2025 Capitalized Interest Subaccount, the Series 2025 Capitalized Interest Subaccount shall be closed.

Pending the application of amounts on deposit in the Series 2025 Capitalized Interest Subaccount as provided for herein, such amounts are hereby pledged to the payment of the principal and interest on the Outstanding Series 2025 Bonds.

Section 3.03. Application of Proceeds of Series 2025 Bonds. [The proceeds of the Series 2025 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 Series 2025 Capitalized Interest Subaccount; and

(b) an amount equal to \$_____ shall be deposited into the Series 2025 Construction Account to pay the Costs of the 2025 Project, including certain costs of issuance of the Series 2025 Bonds. Payments from the Series 2025 Construction Account from proceeds of the Series 2025 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 3.04. Deposit of Revenues. In order to account for payment of interest on the Series 2025 Bonds during the Capitalized Interest Period from the Series 2025 Capitalized Interest Subaccount, Section 4.05(b), FIRST of the Existing Indenture shall be amended and restated to read as follows:

“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, less, in the case of interest payable on the Series 2025 Bonds, any amount of such interest to be paid from the Series 2025 Capitalized Interest Subaccount (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);”

Section 3.05. No Debt Service Reserve Fund Requirement. There shall be no Debt Service Reserve Fund Requirement for the Series 2025 Bonds.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Execution in Several Counterparts; Electronic Signatures. This Fourth 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. The counterparts of this Fourth Supplemental Indenture may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

Section 4.02. Application of Provisions of Existing Indenture. The provisions of this Fourth 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 Fourth 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 2025 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 Fourth Supplemental Indenture.

Section 4.03. Governing Law. This Fourth 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 Fourth 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 Fourth Supplemental Indenture to be duly executed, sealed and delivered, all as of the day and year first above written.

(SEAL)

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Charles Glass, Ph.D., P.E.
Executive Director

ATTEST:

Name: Sean L. Coleman
Title: Secretary

[Service Signature Page to Fourth Supplemental Indenture of Trust]

[Signatures Continue on Following Page]

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

ATTEST:

Name:
Title:

[Trustee Signature Page to Fourth Supplemental Indenture of Trust]

[FORM OF SERIES 2025 BOND]

REGISTERED
No. R-____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND

MARYLAND ENVIRONMENTAL SERVICE
REVENUE BOND
(MIDSHORE II REGIONAL LANDFILL PROJECT),
SERIES 2025

Interest Rate
(per annum)
____%

Maturity Date
[November 1, 20__]

Dated Date
_____, 2025

CUSIP

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 May 1, 2026, and semiannually thereafter on November 1 and May 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 Revenue Bonds (Midshore II Regional Landfill Project) Series 2025” (the “**Series 2025 Bonds**”), aggregating [Twenty Eight Million Dollars (\$28,000,000)] in principal amount, dated _____, 2025, 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**”), the Third Supplemental Indenture of Trust dated as of September 1, 2020 by and between the Service and the Trustee (the “**Third Supplemental Indenture**” and, together with the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the “**Existing Indenture**”), and the Fourth Supplemental Indenture of Trust dated as of October 1, 2025 by and between the Service and the Trustee (the “**Fourth Supplemental Indenture**” and together with the Existing Indenture, the “**Indenture**”). The terms of the Series 2025 Bonds include those stated in the Indenture, and the Series 2025 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 2025 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 “**Midshore Counties**”), providing for the delivery to the Service of Acceptable Waste (defined in the Service Agreements) for disposal at the Midshore 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 2025 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 Midshore II Landfill and the provision of solid waste disposal services to the Midshore Counties under the Service Agreements, including, without limitation, (a) revenues from tipping fees charged to all users of the Midshore II Landfill, (b) other operating revenues of the Midshore 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 2025 Bonds. The Series 2025 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 2025 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

4. Additional Bonds. The Indenture provides that Additional Bonds may be issued within the limitations and provisions of the Indenture. (The Series 2025 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. The Series 2025 Bonds at the time Outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. The Series 2025 Bonds are subject to redemption in whole, or in part, prior to maturity on any date on or after November 1, 2035, at the option of the Service, at one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) Extraordinary Mandatory Redemption. The Series 2025 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 2025 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 2025 Project (as defined in the Indenture) and net proceeds of all or any part of the 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Project by a competent authority or loss of use or possession of all or substantially all of the 2025 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 2025 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 2025 Project, or (C) the Service is no longer able to operate the 2025 Project; or

(iv) changes in the economic availability of raw materials, energy, operating supplies or facilities necessary for the operation of the 2025 Project or technological or other changes shall have occurred which, in the reasonable judgment of the Service, render the 2025 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 2025 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 2025 Bonds shall be called for redemption, the particular maturities of the Series 2025 Bonds to be redeemed shall be selected by the Trustee. If fewer than all of the Series 2025 Bonds of any one maturity shall be called for redemption, the particular Series 2025 Bonds or portions of Series 2025 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 2025 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, or delivered via electronic means, at least 30 days before the redemption date to the Registered Owners of the Series 2025 Bonds to be redeemed, but failure so to mail or deliver any such notice to any of such Registered Owners shall not affect the validity of the proceedings for the redemption of any other Series 2025 Bonds. As provided in the Fourth 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 2025 Bonds or portions of Series 2025 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2025 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 2025 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2025 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 2025 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 2025 Bonds shall be called for redemption, a new Series 2025 Bond or Series 2025 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 2025 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 2025 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 2025 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 Executive Director of the Service and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, all as of the ____ day of _____, 2025.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Charles Glass, Ph.D., P.E.
Executive Director

[SEAL]

ATTEST:

Name:
Title: Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, 2025

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 Saul Ewing LLP, Bond Counsel is on file with the undersigned.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

[FORM OF CONSTRUCTION FUND REQUISITION]

[\$28,000,000]
Maryland Environmental Service
Revenue Bonds
(Midshore II Regional Landfill Project),
Series 2025

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, the Third Supplemental Indenture of Trust dated as of September 1, 2020 and the Fourth Supplemental Indenture of Trust dated as of October 1, 2025 (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 2025 Bonds**”) in the Series 2025 Construction Account, 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 the 2025 Project (as defined in the Indenture) or 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 Series 2025 Construction Account; (iv) no written notice of any lien, right to lien or attachment upon, or claim affecting the 2025 Project, or the right to receive payment of any of the moneys payable under such requisition to any of the persons named therein has been received, or if any notice of any lien, attachment or claim has been received, such lien, attachment or claim has been fully bonded, collateralized, released or discharged or will be released or discharged upon payment of the

requisitions; (v) the payment of the requisitioned amounts is a proper charge against the Series 2025 Construction Account and represents an amount required to be paid at that time by the Service with respect to the costs of the 2025 Project, as evidenced by the attached invoices or receipts; (vi) 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 (vii) 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

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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 _____, 2025, is executed and delivered by the Maryland Environmental Service (the “**Service**”) in connection with the issuance of its \$ _____ Maryland Environmental Service Revenue Bonds (Midshore II Regional Landfill Project) Series 2025 (the “**Bonds**”). The Bonds are being issued pursuant to a resolution passed by the Service on _____, 2025. 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 Midshore 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, 2025, 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, 2025), 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 "Midshore II Landfill — Tonnage and Tipping Fee History"; (ii) the budget and fund balance data under the caption "Financial

Information — Financial Information — Midshore II Regional Landfill"; 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 Executive 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 _____, 2025.

MARYLAND ENVIRONMENTAL SERVICE

By: _____
Name:
Title:

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APPENDIX F FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

_____, 2025

This **CONTINUING DISCLOSURE AGREEMENT** (this “**Disclosure Agreement**”) dated as of the date set forth above, which is the date of issuance of the Bonds identified below, 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 Revenue Bonds (Midshore II Regional Landfill Project) Series 2025 (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 paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12. 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, and shall include any additional or replacement continuing disclosure service provided for under the Rule.

“**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 Audited Financial Statements.

(a) The County shall provide to the Continuing Disclosure Service the 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, 2025, unless the audited financial statements are not available on or before such date, in which event said audited financial statements will be provided promptly when and if available.

(b) Except as otherwise set forth in this paragraph (b), the financial information included in the audited financial statements referred to in paragraph (a) shall be presented in accordance with the same accounting principles as utilized in the County’s audited financial statements for the fiscal year ended June 30, 2024, which are the most recent annual audited financial statements of the County posted to the Continuing Disclosure Service in connection with earlier series of revenue bonds issued by the Maryland Environmental Service to finance or refinance improvements at the Midshore II Regional Landfill.

(i) The County may make changes to the presentation of the financial information in the annual audited financial statements necessitated by changes in Generally Accepted Accounting Principles.

(ii) The County may otherwise modify the presentation of the financial information contained in the annual audited financial statements, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(c) If the County is unable to provide the annual audited financial statements within the time period 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 time period specified in (a) above.

(d) Any audited financial statements or other information provided to the Continuing Disclosure Service shall be filed in any electronic format or other 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 an 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 audited financial statements 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 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's 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 disclosures made in accordance with this Disclosure Agreement, as it may be amended, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the dates 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 the date set forth above, which is the date of issuance of the Bonds.

COUNTY COMMISSIONERS OF
_____ **COUNTY**

By: _____
Name:
Title:

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APPENDIX G FORM OF OFFICIAL NOTICE OF SALE

**OFFICIAL NOTICE OF SALE
\$24,835,000*
Maryland Environmental Service
Revenue Bonds
(Midshore II Regional Landfill Project)
Series 2025
(Book-Entry-Only)
Closing Date: October 15, 2025**

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 \$24,835,000* Revenue Bonds (Midshore II Regional Landfill Project) Series 2025 (the “Series 2025 Bonds”). The bids will be received up to the time (unless postponed as described herein) and in the manner described below:

DATE AND TIME

October 1, 2025 at 11:00 a.m. Eastern Daylight Time (“EDT”) for the Series 2025 Bonds. The time maintained by BiDCOMP/Parity (“Parity”) shall constitute the official time.

ELECTRONIC BIDS

Bids for the Series 2025 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 2025 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, 42nd 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

WARNING REGARDING ELECTRONIC BIDS: THE SERVICE WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH PARITY. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE SERVICE. INSTRUCTIONS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE SERVICE ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE SERVICE SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

** Preliminary, subject to change*

THE SERVICE, PFM FINANCIAL ADVISORS LLC, AS FINANCIAL ADVISOR TO THE SERVICE, AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. EACH BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR NONCONFORMING BID SUBMITTED BY ELECTRONIC TRANSMISSION BY SUCH BIDDER, INCLUDING WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM SUBMISSION BY ELECTRONIC TRANSMISSION.

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 2025 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 2025 Bonds will be communicated via Parity 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 2025 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 Parity, 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.

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 Parity 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 Parity, 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 2025 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 2025 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 2025 Bonds will be issued as 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, as further supplemented by that Third Supplemental Indenture of Trust dated as of September 1, 2020, and as further supplemented by that Fourth Supplemental Indenture of Trust dated as of October 1, 2025 (collectively, the “Indenture”), each between the Service and The Bank of New York Mellon, as trustee, paying agent and registrar, and bond resolutions adopted by the Board of Directors of the Service on June 26, 2025 and August 21, 2025, respectively, authorizing the issuance and sale of the Series 2025 Bonds (together, the “Bond Resolution”). The proceeds of the Series 2025 Bonds will be used to (i) finance or refinance all or a portion of the costs of the planning, design, construction, equipping and operation of Cell Number 5 and Cell Number 1 of the Midshore II Regional Landfill located in Caroline County, Maryland, related infrastructure and all other costs related thereto, (ii) fund certain reserves, if any, and (iii) pay capitalized interest on the Series 2025 Bonds during construction, and (iv) pay for certain costs of issuance of the Series 2025 Bonds.

Parity Bonds

The Service has previously issued its \$4,500,000 Revenue Bonds (Midshore II Regional Landfill Project) Series 2014 (the “Series 2014 Bonds”), its \$8,915,000 Revenue Bonds (Midshore II Regional Landfill

Project) Series 2018 (the “Series 2018 Bonds”), and its \$9,805,000 Refunding Revenue Bonds (Midshore II Regional Landfill Project) Series 2020 (the “Series 2020 Bonds”), of which approximately \$12,863,155 principal amount of the Series 2014 Bonds, the Series 2018 Bonds and the Series 2020 Bonds will be outstanding immediately prior to the issuance of the Series 2025 Bonds (the “Outstanding Bonds”). The Series 2025 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 MWIFA Bonds”). The 2011 MWIFA Bonds were issued in connection with a loan from the Maryland Water Infrastructure Financing Administration (the “MWIFA”). The 2011 MWIFA Bonds were not issued under the Indenture and constitute a separate payment obligation of the Service to the MWIFA, 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 MWIFA agreed to forgive repayment of principal and interest on the Series 2011B Bonds so long as the Service performed all of its obligations under that certain Loan Agreement dated as of April 15, 2011, between the Service and the MWIFA. The Service performed all such obligations and the MWIFA did not demand payment of the Series 2011B Bonds. As such, the outstanding balance of the Series 2011B Bonds was deemed forgiven on April 15, 2021. The outstanding principal balance of the Series 2011A Bonds as of June 30, 2025 is \$579,406.

Book-Entry-Only Form

The Series 2025 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 2025 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 2025 Bonds be issued as serial bonds. Bidders may designate in their proposal two or more consecutive annual principal maturities as a term bond that matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal maturity designated for inclusion in such term bond. There is no limitation on the number of term bonds in the Bonds.

Interest Payment Dates

The Series 2025 Bonds will be dated the date of delivery, and will bear interest from that date payable on May 1, 2026, and semiannually thereafter on each November 1 and May 1 until maturity or redemption.

Maturity Schedule

The Series 2025 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*
2031	1,735,000	2037	2,345,000
2032	1,825,000	2038	2,465,000
2033	1,920,000	2039	2,590,000
2034	2,015,000	2040	2,725,000
2035	2,120,000	2041	2,865,000
2036	2,230,000		

** 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 Parity.

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 2025 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 2025 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 2025 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, 2035, the Series 2025 Bonds with a stated maturity date on or after November 1, 2036, 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 2025 Bonds. Bidders must specify a rate of interest for each maturity of the Series 2025 Bonds. The rates of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), but all Series 2025 Bonds of any one maturity must bear interest at the same rate. Any rate named may be repeated. The difference between the maximum and minimum interest rates may not be greater than 4%. A zero rate may not be named.

The lowest dollar price of any single maturity may be no less than 98.5%. Each bid for the Series 2025 Bonds must be for not less than 100% of the par value of the Series 2025 Bonds.

Reoffering Price

The successful bidder shall make a bona fide public offering of all the Series 2025 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 2025 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 2025 Bonds and shall execute and deliver to the Service on or before the date of issue of the Series 2025 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 2025 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 2025 Bonds) will apply to the initial sale of the Series 2025 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 2025 Bonds to the bidder who submits a firm offer to purchase the Series 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2025 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 2025 Bonds. Bidders should note that an Alternative Competitive Bid may require the successful bidder and, if applicable, other underwriters of the Series 2025 Bonds to hold the initial offering prices for certain maturities of the Series 2025 Bonds for up to five (5) business days after the sale date of the Series 2025 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 2025 Bonds, as specified in the bid. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. 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 2025 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 2025 Bonds, a prospective bidder represents and warrants to the Service that such bidder's bid for the purchase of the Series 2025 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 2025 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 2025 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 2025 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 2025 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.

Good Faith Deposit

The apparent successful bidder, as indicated on Parity, must submit a good faith deposit in the amount of \$248,350.00 for the winning bid on the Series 2025 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 2025 Bonds, such security will be applied against the purchase price for the Series 2025 Bonds or will be retained as liquidated damages upon the failure of the successful bidder to

take and pay for the Series 2025 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 2025 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 2025 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 September 24, 2025, 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 2025 Bonds is awarded. Up to 100 copies of the final Official Statement will be furnished without cost to the successful bidder of the Series 2025 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 2025 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 2025 Bonds, which best price shall be that resulting in the lowest true interest cost. The true interest cost for the Series 2025 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 2025 Bonds as set forth in the Maturity Schedule above (such principal amounts may be modified with notification through Parity 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 2025 Bonds. In the event that two or more bidders have bid the same true interest cost (calculated to six decimal places) the Executive Director or the Managing Director of Finance of the Service shall determine in her or his sole discretion which of the bidders shall be awarded the Series 2025 Bonds.

Within one hour after being notified of the award of the Series 2025 Bonds, the successful bidder shall advise the Service of the initial public reoffering prices of the Series 2025 Bonds, expressed as a percentage of par for each maturity of the Series 2025 Bonds.

Delivery of the Series 2025 Bonds is expected to occur through the facilities of DTC in New York, New York on or about October 15, 2025. The successful bidder for the Series 2025 Bonds shall pay for the Series 2025 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 2025 Bonds, respectively, less the amount of the Good Faith Deposit.

At or before the delivery of the Series 2025 Bonds, the Service shall deliver to the successful bidder the following:

- (a) the approving opinion of Saul Ewing LLP, 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 2025 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 2025 Bonds are insured, any information regarding the bond insurer or its insurance policy;
- (d) the Continuing Disclosure Agreement executed by the Service substantially in the form attached as Appendix E to the Preliminary Official Statement; and
- (e) the Continuing Disclosure Agreement executed by each Midshore County substantially in the form attached as Appendix F to the Preliminary Official Statement.

At or before the delivery of the Series 2025 Bonds, the successful bidder shall deliver to the Service the following:

- (a) a receipt for the Series 2025 Bonds;
- (b) a certificate in form and substance satisfactory to Bond Counsel as to the issue price of the Series 2025 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 2025 Bonds, but neither the failure to print such numbers on any Series 2025 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for the Series 2025 Bonds to accept delivery and pay for the Series 2025 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 2025 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 2025 Bonds. The Service’s Financial Advisor will be responsible for obtaining the CUSIP numbers for the Series 2025 Bonds. The successful bidder will be obligated to pay the fee of the CUSIP Service Bureau for assigning the CUSIP numbers to the Series 2025 Bonds.

Legal Opinion

The Series 2025 Bonds will be issued and sold subject to approval as to legality by Saul Ewing LLP, 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 2025 Bonds, without charge.

Additional Information

Copies of the Indenture, the Bond Resolution and this Official Notice of Sale for the Series 2025 Bonds will be furnished to any potential bidder upon request made to PFM Financial Advisors LLC. The Preliminary Official Statement and this Official Notice of Sale will be made available via Parity and munios.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: September 24, 2025

Maryland Environmental Service

Charles C. Glass, Ph.D., P.E.
Executive Director

Attachment A

*Bidding Parameters Table**

INTEREST		PRICING	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	Unlimited
Anticipated Date of Delivery:	October 15, 2025	Min. Aggregate Bid Price:	100%
Interest Payment Dates:	May 1 and November 1		
First Interest Payment Date:	May 1, 2026	Max. Reoffering Price (each maturity):	Unlimited
Coupon Multiples:	1/8 or 1/20 of 1%	Min. Reoffering Price (each maturity):	98.5%
Maximum Coupon:	N/A		
Minimum Coupon:	N/A		
Maximum TIC:	N/A		
Maximum Difference Between Coupons:	4%		
No Zero Coupon may be specified			
PRINCIPAL		PROCEDURAL	
Optional Redemption:	Bonds maturing on and after November 1, 2036 are callable on November 1, 2035 and thereafter at par	Sale Date:	October 1, 2025
		Sale Time:	11:00 a.m. Local Maryland Time
Post-bid Principal Increases		Bid Submission:	Electronic bids through Parity
Each Maturity:	Unlimited		
Aggregate:	15%		
Post-bid Principal Reductions		Special Considerations:	N/A
Each Maturity:	Unlimited		
Aggregate:	15%		
Term Bonds:	Two or more consecutive annual principal maturities may be designated as a term bond that matures on the maturity date of the last annual principal payment of the sequence.	All or None?	Yes
		Bid Award Method:	Lowest True Interest Cost (as defined herein)
		Bid Confirmation:	Notification from the Service
		Awarding of Bid:	On the Sale Date by the Service
		Good Faith Deposit:	\$248,350, as more fully described herein. See "Good Faith Deposit."

* If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

EXHIBIT I TO NOTICE OF SALE

FORM ISSUE PRICE CERTIFICATE
FOR QUALIFIED COMPETITIVE BID

\$ _____ *

**Maryland Environmental Service
Revenue Bonds
(Midshore II Regional Landfill Project)
Series 2025**

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].

* *Preliminary, subject to change*

(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).

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 Saul Ewing LLP, 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
Revenue Bonds
(Midshore II Regional Landfill Project)
Series 2025**

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 Parity and munios.com. 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.

**Preliminary, subject to adjustment*

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 Saul Ewing LLP, 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.

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
Revenue Bonds
(Midshore II Regional Landfill Project)
Series 2025

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 10% Maturities.*** As of the date of this Certificate, for each Maturity of the 10% Maturities Bonds, the first price at which a Substantial Amount of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Undersold Maturities.***

(a) The Underwriter offered the Undersold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (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 C.

(b) As set forth in the Notice of Bond Sale, the Underwriter has agreed in writing that, (i) for each Maturity of the Undersold 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 Offering Period for such Maturity, nor would it permit a related party to do so (the “hold-the-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-price rule. Pursuant to such agreement, no Underwriter has offered nor sold any Maturity of the Undersold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Offering Period.

3. ***Defined Terms.***

(a) “10% Maturities” means those Maturities of the Bonds shown in Schedule A hereto as the “10% Maturities.”

(b) “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.

**Preliminary, subject to adjustment*

(c) “Offering Period” means, with respect to an Undersold 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 (_____, 2025), or (ii) the date on which the Purchaser has sold a Substantial Amount of such Undersold Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.

(d) “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 percent common ownership, directly or indirectly.

(e) “*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 _____, 2025.

(f) “*Substantial Amount*” means ten percent (10%).

(g) “*Undersold Maturities*” means those Maturities of the Bonds shown in Schedule B hereto as the “Undersold Maturities.”

(h) “*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 Saul Ewing LLP, 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 10% Maturities
Schedule B – Initial Offering Prices of the Undersold Maturities
Schedule C – Pricing Wire or Equivalent Communication



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