

OFFICIAL STATEMENT DATED FEBRUARY 14, 2013

NEW ISSUE - BOOK ENTRY ONLY

RATINGS: Moody's Investors Service: Aa3
Fitch: AA
See "Ratings."

In the opinion of Bond Counsel to the Authority to be delivered upon the issuance of the Series 2013 Bonds, under existing law and assuming compliance by the Authority and the County with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Series 2013 Bonds, with which the Authority and the County have certified, represented and covenanted their compliance, (1) interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013 Bonds are held by a person who is a "substantial user" of the financed facilities or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations. Also, in the opinion of Bond Counsel to be delivered upon the issuance of the Series 2013 Bonds, under existing law, the Series 2013 Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation of every kind by the State of Maryland and by any of its political subdivisions or municipalities. See "TAX MATTERS" for a more detailed discussion.

\$77,685,000

NORTHEAST MARYLAND WASTE DISPOSAL AUTHORITY
Solid Waste Refunding Revenue Bonds
(Montgomery County Solid Waste Disposal System)
Series 2013 (AMT)

Dated: Day of Delivery

Due: April 1, as shown below

The Series 2013 Bonds are to be issued pursuant to an Indenture of Trust dated as of March 1, 1993, as supplemented (the "Indenture"), between the Northeast Maryland Waste Disposal Authority (the "Authority") and The Bank of New York Mellon, as Trustee (the "Trustee"). The Series 2013 Bonds are issuable as fully registered bonds without coupons. The Series 2013 Bonds will bear interest at the rate or rates of interest per annum as set forth below, and mature on April 1 in each of the years and amounts as set forth below. Interest on the Series 2013 Bonds is payable each October 1 and April 1, commencing October 1, 2013.

The Series 2013 Bonds are available only in book-entry form through The Depository Trust Company ("DTC") as Securities Depository. Payment of principal of, redemption price, if any, and interest on, the Series 2013 Bonds will be payable to DTC. DTC is required to remit such payments to Participants, who are required in turn to remit such payments to Beneficial Owners of the Series 2013 Bonds. See "Description of the Series 2013 Bonds." **Purchasers of Series 2013 Bonds will not receive certificates representing their ownership interest in the Series 2013 Bonds.** If the Authority discontinues maintenance of the Series 2013 Bonds under a book-entry system, the Authority will issue bond certificates directly to Beneficial Owners of the Series 2013 Bonds pursuant to the terms of the Indenture.

The Series 2013 Bonds are subject to extraordinary redemption prior to maturity as described under "Description of the Series 2013 Bonds."

The proceeds of the Series 2013 Bonds and other available funds will be used to refund the Authority's Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System), Series 2003, which were issued to refinance the costs of design and construction of a mass-burn, resource recovery facility located in Dickerson, Maryland (the "Resource Recovery Facility") and the related transportation system and to make improvements to a transfer station and certain other County Disposal System facilities.

Under the Indenture, the Authority has pledged payments made by Montgomery County, Maryland (the "County") to the Authority from its Solid Waste Disposal Fund for solid waste disposal services provided by the Authority pursuant to the Waste Disposal Agreement and payments made for electricity generated and electrical generating capacity made available by the Resource Recovery Facility. **The Series 2013 Bonds are limited obligations of the Authority payable solely from and secured by the Project Revenues and other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland, or of any political subdivision thereof, including Montgomery County, Maryland, or of the Authority is pledged to the payment of the principal of, redemption premium, if any, or the interest on, the Series 2013 Bonds. The Authority has no taxing power.** See "Security and Sources of Payment for the Bonds."

\$77,685,000 Serial Bonds

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2014	\$20,715,000	2.00%	0.22%	664257BH4
2015	\$19,690,000	3.00%	0.45%	664257BJ0
2016	\$37,280,000	4.00%	0.63%	664257BK7

The Series 2013 Bonds are offered when, as and if issued by the Authority, subject to the approval of Hogan Lovells US LLP, Baltimore, Maryland, Bond Counsel, who will also pass on certain legal matters for the Authority. Certain legal matters will be passed upon for Montgomery County by McKennon Shelton & Henn LLP, Baltimore, Maryland. It is expected that the Series 2013 Bonds will be available for delivery through DTC in New York, New York, on or about February 28, 2013.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SERIES 2013 BONDS.

The information set forth in this Official Statement is not to be construed as a representation as to information from sources other than the Authority, by the Authority, or as to information from other sources other than the County, by the County.

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 2013 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Authority or the County to give any information or to make any representations with respect to the Series 2013 Bonds other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Series 2013 Bonds have not been registered under the Securities Act of 1933 and the Indenture has not been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2013 Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2013 Bonds have been registered or qualified and the exemption from registration or qualification in the other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2013 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary is a criminal offense.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any Series 2013 Bonds.

This Official Statement includes forward-looking statements. All statements in this Official Statement, other than statements of historical fact, that address activities, events or developments that may or will occur in the future, including such matters as projections, future capital expenditures, business strategy, competitive advantages and disadvantages, goals and market or industry developments, are forward-looking statements. When used in this Official Statement, the words estimates, intends, expects, believes, anticipates, plans, and similar expressions identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which 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. Neither the Authority nor the County plans to issue any updates or revisions to those forward-looking statements if or when expectations change or events, conditions or circumstances on which these statements are based occur.

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SUMMARY OF OFFICIAL STATEMENT

This Summary is provided for the convenience of the reader and does not contain all of the information that is important to potential investors. Accordingly, potential investors should read the entire Official Statement before considering an investment in the Series 2013 Bonds. Capitalized terms used in this Official Statement are defined in Appendix A, Summary of Certain Definitions.

Issuer:	The Northeast Maryland Waste Disposal Authority (the "Authority").
Issue:	\$77,685,000 aggregate principal amount of Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series 2013 (AMT).
Purpose:	The proceeds of the Series 2013 Bonds and other available funds will be used for the purpose of providing the funds to currently refund the Series 2003 Bonds that were issued by the Authority to refinance the costs of the design and construction of a mass-burn, resource recovery facility located in Dickerson, Maryland (the "Resource Recovery Facility"), a related transportation system (the "Transportation System") and improvements to the County's transfer station (the "Transfer Station" and, together with the Resource Recovery Facility and the Transportation System, the "Project") and certain other County Disposal System facilities.
Dated Date:	The Series 2013 Bonds will be dated February 28, 2013.
Interest Payments:	The Series 2013 Bonds will bear interest from their dated date, payable on October 1, 2013, and semiannually thereafter on each April 1 and October 1, until maturity or proper redemption.
Principal Payments:	Payable annually on the dates and in the principal amounts set forth on the cover page of this Official Statement.
Redemption:	The Series 2013 Bonds are subject to extraordinary redemption at the times and subject to the conditions set forth under "Description of the Series 2013 Bonds – Redemption."
Denominations:	\$5,000 or integral multiple thereof.
Paying Agent/Registrar:	The Bank of New York Mellon
Book-Entry Only:	The Series 2013 Bonds will be issued as book-entry only bonds through the Depository Trust Company, New York, New York ("DTC").
Delivery:	Delivery of the Series 2013 Bonds is expected on or about February 28, 2013 through the facilities of DTC, on behalf of the purchasers of the Series 2013 Bonds.
Security and Sources of Payment for the Bonds	<p>The Series 2013 Bonds are limited obligations of the Authority payable solely from and secured by the Project Revenues and other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof, including Montgomery County, Maryland, or of the Authority is pledged to the payment of the principal of, redemption premium, if any, or the interest on, the Series 2013 Bonds. The Authority has no taxing power. The Authority operates the Project (together with any Additional Facilities, "the Authority Facilities") as part of the County Disposal System pursuant to a long-term agreement with the County (the "Waste Disposal Agreement"). All of the waste disposal capacity of the Authority Facilities is dedicated to the County Disposal System and the County pays a Waste Disposal Fee that covers the net cost of providing the Authority Facilities, including debt service on the Series 2013 Bonds and operating costs of the Authority Facilities. The Waste Disposal Fee is reduced by any electric revenues and any other revenues received by the Authority from operation of the Authority Facilities.</p> <p>The Waste Disposal Agreement is a limited obligation of the County payable only from revenues of the County Disposal System ("County Disposal System Revenues") available under the Master Authorization. The County Disposal System provides recycling and disposal services within the County. The County Disposal System Revenues are compiled primarily of (a) charges on property tax bills ("System Benefit Charges") or (b) tipping fees payable for Refuse delivered to the Transfer Station with respect to which System Benefit Charges are not payable ("Tipping Fees"). System Benefit Charges are included on property tax bills and, if not paid when due, can be enforced through foreclosure in the same manner as if the property owner had failed to pay property taxes. Of the County Disposal System Revenues for Fiscal Year 2012, System Benefit Charges and Tipping Fees accounted for approximately 71 percent and 16 percent, respectively.</p> <p>Under a Master Authorization, the County has pledged all County Disposal System Revenues to</p>

secure its obligation to pay the Waste Disposal Fee and other County obligations under certain county Bonds and multi-year contracts entered into in connection with the County Disposal System (“Long Term Obligations”). A covenant in the Master Authorization (the “Rate Covenant”) requires the County to fix, charge and collect rates, fees and charges for disposal services so that, on an annual basis, County Disposal System Revenues are at least equal to 100 percent of the County Disposal System’s operating expenses (“Operating Expenses”) and 110 percent of County System Indebtedness. As used in this Official Statement, “County System Indebtedness” is a collective term meaning debt service on County System Bonds and the debt service component of the Waste Disposal Fee (which is substantially all amounts payable by the Authority under the Indenture with respect to the Series 2013 Bonds).

The County has the authority under County law to set System Benefit Charges at a level sufficient to comply with the Rate Covenant.

Debt Service Reserve Fund

Upon the issuance of the Series 2013 Bonds, proceeds thereof in the amount of the Debt Service Reserve Fund Requirement for the Series 2013 Bonds will be deposited into the Series 2013 Debt Service Reserve Fund. See “Security and Sources of Payment for the Bonds—Debt Service Reserve Fund.”

The County Disposal System

The County Disposal System is an integrated solid waste disposal system serving the County. The County Disposal System is capable of disposing of all types of non-hazardous solid waste generated in the County through the Resource Recovery Facility and the County’s recycling and composting facilities.

Substantially all solid waste from single-family residences and small multi-family residences and all solid waste from County facilities is delivered to the Transfer Station in Derwood, Maryland, which has been in commercial operation since 1982. Haulers of solid waste from large multi-family residences and businesses in the County may deliver solid waste that can be processed at the Resource Recovery Facility (“Processible Waste”) to the Transfer Station upon payment of the Tipping Fee and most elect to do so. At the Transfer Station, Processible Waste is compacted and put into containers, which are loaded onto railcars. The railcars are pulled by CSX-owned locomotives over CSX-owned and operated tracks to the Resource Recovery Facility, located in Dickerson, Maryland, 18 miles from the Transfer Station. Solid waste that is not Processible Waste (“Nonprocessible Waste”) is delivered by truck to a landfill designated by the County (the “County Designated Landfill”).

The Resource Recovery Facility, which has been in commercial operation since August 1995, incorporates proprietary, mass-burning technology to process solid waste and produce high-pressure, high-temperature steam to generate electricity. The Resource Recovery Facility has the interconnections necessary to deliver electric energy and capacity into the PJM wholesale market. The Authority is currently selling all electricity generated by the Resource Recovery Facility in the PJM day-ahead market. Ash and other residue resulting from operation of the Resource Recovery Facility (together, “Residue”) is transported by rail to the County Designated Landfill.

The County is obligated under an agreement with the Authority to make a County Designated Landfill available to the Authority for the disposal of solid waste. To fulfill its obligations under such agreement, the County has entered into a multi-year contract with a subsidiary of Republic Services, Inc. for distribution of waste excluding hazardous and certain other unacceptable waste at the subsidiary’s landfills (or if that landfill is unavailable, at an affiliate’s landfill in Georgia). Such subsidiary’s obligations are guaranteed by Republic Services, Inc. In addition, the County owns undeveloped property within two miles of the Resource Recovery Facility that has been permitted for the construction of a landfill.

The County’s recycling facility (the “Materials Recovery Facility”), adjacent to the Transfer Station, sorts and ships paper and containers. The County’s composting facility (the “Composting Facility”) is a 118-acre property near Dickerson, Maryland at which Yard Waste is composted, dried and screened for marketing. The Materials Recovery Facility and the Composting Facility are operated by the Maryland Environmental Service, a State agency, under contract with the County.

See “The County Disposal System — Authority Facilities” for a more detailed description of the County Disposal System.

The Authority

The Northeast Maryland Waste Disposal Authority was organized under the provisions of the Act in 1980 to assist the political subdivisions in the Northeast Maryland region, other public

entities and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. The Authority has eight member jurisdictions. The Authority also helps to provide facilities that generate steam, electricity or other forms of energy that are derived from or otherwise related to waste disposal. See "The Authority."

Operation of the Authority Facilities

Covanta Montgomery, Inc. (formerly Ogden Martin Systems of Montgomery, Inc.) (the "Company") constructed the Resource Recovery Facility and currently operates the Project Facilities under the terms of the Service Agreement.

The obligations of the Company relating to the acceptance and disposal of solid waste and operation of the Transfer Station generally mirror those of the Authority under the Waste Disposal Agreement. In addition, the Company must perform substantially all of the Authority's obligations under the other Primary Project Agreements (other than the Service Agreement).

Tax Matters

In the opinion of Bond Counsel to the Authority to be delivered upon the issuance of the Series 2013 Bonds, under existing law and assuming compliance by the Authority and the County with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Series 2013 Bonds, with which the Authority and the County have certified, represented and covenanted their compliance, (1) interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013 Bonds are held by a person who is a "substantial user" of the financed facilities or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations. Also, in the opinion of Bond Counsel to be delivered upon the issuance of the Series 2013 Bonds, under existing law, the Series 2013 Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation of every kind by the State of Maryland and by any of its political subdivisions or municipalities. See "TAX MATTERS" for a more detailed discussion.

Continuing Disclosure

The Authority and the County will each covenant to provide continuing disclosure. In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12" or "Rule"), to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the Authority and the County will each execute and deliver a Continuing Disclosure Agreement on or before the date of issuance and delivery of the Series 2013 Bonds, the forms of which are attached to this Official Statement as Appendix H. See "Continuing Disclosure Undertaking."

OFFICIAL STATEMENT

\$77,685,000
NORTHEAST MARYLAND WASTE DISPOSAL AUTHORITY
Solid Waste Refunding Revenue Bonds
(Montgomery County Solid Waste Disposal System)
Series 2013 (AMT)

INTRODUCTION

General

This Official Statement, including the cover page and Appendices hereto, sets forth certain information in connection with the sale and issuance of \$77,685,000 principal amount of Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series 2013 (AMT) (the "Series 2013 Bonds") by the Northeast Maryland Waste Disposal Authority (the "Authority"). The Series 2013 Bonds will be issued under and pursuant to an Indenture of Trust dated as of March 1, 1993, as amended (the "Indenture"), including a Second Supplemental Indenture of Trust dated as of February 28, 2013, between the Authority and The Bank of New York Mellon, as Trustee (the "Trustee").

The descriptions and summaries of the various documents set forth in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents. Certain capitalized terms used in this Official Statement are defined in the text where they appear. These brief definitions are intended only for convenience. Definitions of capitalized terms used in the documents described in this Official Statement are set forth in Appendix A, Summary of Certain Definitions, or in the Appendices in which they are used.

The Series 2013 Bonds are limited obligations of the Authority payable solely from and secured by the Project Revenues and other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof, including Montgomery County, Maryland, or of the Authority is pledged to the payment of the principal of, redemption premium, if any, or the interest on, the Series 2013 Bonds. The Authority has no taxing power.

Purpose

The Series 2013 Bonds are being issued for the purpose of providing a portion of the funds to currently refund the Authority's Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System), Series 2003 (the "Series 2003 Bonds"). See "Estimated Sources and Uses of Funds". The proceeds of the Series 2003 Bonds were used to refinance the costs of the design and construction of a mass-burn, resource recovery facility located in Dickerson, Maryland (the "Resource Recovery Facility"), a related transportation system (the "Transportation System") and improvements to a transfer station in Derwood, Maryland (the "Transfer Station" and, together with the Resource Recovery Facility and the Transportation System, the "Project") and to certain other County Disposal System facilities. The Resource Recovery Facility commenced operation in August 1995. See "The County Disposal System."

ESTIMATED SOURCES AND USES OF FUNDS

The net proceeds of the Series 2013 Bonds, together with certain other monies as shown below, will be deposited with the Trustee in escrow solely for the benefit of the Series 2003 Bonds. All of the Series 2003 Bonds will be defeased simultaneously with the delivery of the Series 2013 Bonds.

Estimated Sources

Principal amount of Series 2013 Bonds	\$77,685,000.00
Premium on Series 2013 Bonds	\$5,285,840.45
Series 2003 Debt Service Reserve Fund	\$19,185,820.28
Series 2003 Debt Service Fund	\$22,743,013.08
Series 2003 Redemption Fund	\$148,863.72
Total Sources of Funds	\$125,048,537.53

Estimated Uses

Escrow Deposit Fund	\$116,838,082.00
Debt Service Reserve Fund — Series 2013 Bonds	\$7,768,500.00
Underwriter's Discount	\$44,509.62
Cost of Issuance ¹	\$397,445.91
Total Uses of Funds	\$125,048,537.53

On the date of delivery of the Series 2013 Bonds, proceeds thereof in the amount that, together with the other funds shown above, will be sufficient to provide for payment of the principal or redemption price of and interest due on all of the Series

¹ Includes legal, rating agency, financial advisor and printing costs.

2003 Bonds on April 1, 2013 will be deposited to the Escrow Deposit Fund solely for the benefit of the Series 2003 Bonds. On April 1, 2013, the Authority will deliver to the Trustee an irrevocable instruction to refund the Series 2003 Bonds maturing in 2014, 2015 and 2016, in accordance with their terms. Upon the Trustee's receipt of such proceeds and instruction, the Series 2003 Bonds will no longer be Outstanding under the terms of the Indenture. The Series 2013 Bonds will not be secured by amounts on deposit in the Escrow Deposit Fund.

DESCRIPTION OF THE SERIES 2013 BONDS

General

The Series 2013 Bonds will be dated the date of delivery, will bear interest at the rates set forth on the cover page of this Official Statement, payable on October 1, 2013 and semiannually thereafter on each April 1 and October 1, 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 2013 Bonds will be issued only as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. So long as the Series 2013 Bonds are maintained in book-entry form, payments of principal or Redemption Price of, and interest on, the Series 2013 Bonds will be made as described below under "Book-Entry-Only System." At any other time interest on the Series 2013 Bonds will be payable by check mailed by the Trustee to persons in whose names Series 2013 Bonds are registered as of the fifteenth day of the month preceding the applicable interest payment date (or, in the case of defaulted interest, as of a date fixed by the Trustee which shall be at least 10 and no more than 15 days prior to the date fixed for payment thereof) at the address shown on the registration books of the Authority maintained by the Trustee and will be paid, upon proper prior notification to the Trustee, by wire transfer to owners of at least \$1 million in principal amount of Series 2013 Bonds.

Redemption

Extraordinary Redemption

The Series 2013 Bonds are subject to redemption prior to maturity, as a whole or in part at any time, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, at the option of the Authority upon the direction of the County from funds deposited in the Redemption Account for the Series 2013 Bonds upon the occurrence of any of the following events:

(i) the Project or the Authority's interest therein is lost, damaged or destroyed to such an extent that, in the opinion of the Authority and the County Representative, (A) the Project reasonably cannot be restored within a period of 12 months to the condition thereof immediately preceding such loss, damage or destruction, or (B) the Authority 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 or the Project Sites by a competent authority or loss of use or possession of all or substantially all of the Project or the Project Sites, which taking, condemnation or loss, in the opinion of the Authority and the County Representative, results, or is likely to result, in the Authority'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, in the opinion of the Authority and the County Representative, (A) any of the Primary Project Agreements becomes 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 Authority or the County by reason of the operation of the Project, or (C) the Project is no longer able to be operated.

Book-Entry-Only System

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2013 Bonds. The Series 2013 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 maturity of the Series 2013 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, as amended. 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 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 2013 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 Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013 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 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2013 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 Authority 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 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2013 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 Authority or the Trustee, on 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 or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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.

Neither the Authority nor the Trustee will have any responsibility or obligation to any direct or indirect participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being a bondholder with respect to: (a) the Series 2013 Bonds; (b) the accuracy of any records maintained by DTC or any direct or indirect participant; (c) the payment by DTC or any direct or indirect participant of any amount due to any Beneficial Owner in respect to the principal or interest on the Series 2013 Bonds; (d) the delivery by DTC to any direct or indirect participant or by any direct or indirect participant to any Beneficial Owner of any notice which is required or permitted under the terms of the order to be given to holders of the Series 2013 Bonds; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series 2013 Bonds; or (f) any consent given or other action taken by DTC as holder of the Series 2013 Bonds.

DTC may discontinue providing its services as depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2013 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2013 Bonds will be printed and delivered to DTC.

The information in this section, "Description of the Bonds — Book-Entry-Only System," concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry-Only System

The Authority may discontinue the maintenance of the Series 2013 Bonds in book-entry form or replace DTC with another qualified Securities Depository. Unless the Authority appoints such a Securities Depository to replace DTC, the Series 2013 Bonds held by DTC will be cancelled and the Authority will execute and the Registrar will authenticate and delivery Series 2013 Bonds in fully certificated form to the Direct and Indirect Participants shown on the records of DTC provided to the Registrar or, to the extent requested by any Direct or Indirect Participant, to the Beneficial Owners of the Series 2013 Bonds shown on the records of such Direct or Indirect Participant provided to the Registrar.

Registration and Exchange of Series 2013 Bonds

So long as the Series 2013 Bonds are maintained in book-entry form, Beneficial Owners thereof will have no right to receive physical possession of the Series 2013 Bonds, and transfers of ownership interests in the Series 2013 Bonds will be made through book entries by DTC and the Direct and Indirect Participants.

If the book-entry-only system is discontinued, any Series 2013 Bond may be exchanged for an equal aggregate principal amount of Series 2013 Bonds of other Authorized Denominations of the same maturity and bearing interest at the same rate, and the transfer of any Series 2013 Bonds may be registered, upon presentation and surrender of such Series 2013 Bond at the municipal trust office of the Registrar, together with an assignment duly executed by the Owner or his or her attorney or legal representative. In such event, the Authority and the Registrar may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith.

In the event of discontinuance of the book-entry-only system, the Series 2013 Bonds are transferable only upon the registration books maintained by the Registrar by the Owner in person or by the Owner's attorney duly authorized in writing and only upon surrender thereof at the municipal trust office of the Registrar in New York, New York, together with a written instrument of transfer duly executed by the Owner or the Owner's duly authorized attorney in the form of Assignment printed on the reverse of the Series 2013 Bonds or such other form as may be satisfactory to the Registrar, along with the address and social security number or Federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the Owner of a Series 2013 Bond (other than an Owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the Owner required above. Within a reasonable time after such surrender, the Authority must issue in the name of the transferee or transferees a new fully registered Series 2013 Bond of any denomination or denominations permitted by the Indenture, in an aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Series 2013 Bond, and bearing interest at the same rate and maturing on the same date only after payment of any required tax, fee or other governmental charge relating to such transfer and only after due authentication thereof by an authorized officer of the Registrar.

The Authority and the Paying Agent may treat the person in whose name the ownership of the same is registered on the Registration Books as the absolute owner thereof for the purpose of payment of or on account of the principal of any such Series 2013 Bonds and interest thereon and neither the Authority nor the Paying Agent shall be affected by notice to the contrary. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2013 Bond, including the interest thereon, to the extent of the sum or sums so paid.

The Owner of any Series 2013 Bond may also exchange such Series 2013 Bond for other Series 2013 Bonds of the same issue, date, tenor and security in Authorized Denominations upon surrender of the original Series 2013 Bond to the Registrar. New Series 2013 Bonds delivered upon any exchange, after payment of any required tax, fee or other governmental charge relating to such exchange and after due authentication thereof by an authorized officer of the Registrar, will be valid obligations of the Authority, evidencing the same debt as the Series 2013 Bonds surrendered, will be secured by the Master Authorization and the Indenture and will be entitled to all of the security and benefits thereunder to the same extent as the Series 2013 Bonds surrendered.

In case any outstanding Series 2013 Bond is mutilated or destroyed, stolen or lost, the Authority shall at the request of the Registrar execute and deliver a new Series 2013 Bond of like tenor and amount as the Series 2013 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such Series 2013 Bond to the Registrar, upon surrender of such Series 2013 Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and the Authority

with satisfactory indemnity and complying with such other reasonable regulations as the Authority or its agent may prescribe and paying such expenses as the Authority may incur in connection therewith.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Project and County Disposal System Revenues

General

The Series 2013 Bonds are limited obligations of the Authority, payable solely from Project Revenues and certain other amounts held under the Indenture. The Authority operates the Authority Facilities as a part of the County Disposal System pursuant to the Waste Disposal Agreement and the Waste Disposal Fee is the primary source of Project Revenues. The Waste Disposal Fee equals the Authority's cost of providing the Authority Facilities (including debt service on the Series 2013 Bonds) less any revenues (other than the Waste Disposal Fee) from operation of the Authority Facilities, primarily revenues from the sale of electricity.

The financial operations of the County Disposal System are governed by Chapter 48 of the Montgomery County Code ("Chapter 48"). The Master Authorization was adopted pursuant to Chapter 48 to set forth the specific terms under which the County could enter into Long Term Obligations (including the Waste Disposal Agreement) to secure financing for the County Disposal System. Under the Master Authorization, the County has pledged all County Disposal System Revenues to secure Long Term Obligations and must deposit all such revenues into the Solid Waste Disposal Fund, a fund established by County law to segregate the assets, revenues and expenses relating to the County Disposal System. Long Term Obligations are described below under "County Debt Secured by County Disposal System Revenues."

The primary source of County Disposal System Revenues is Systems Benefit Charges. Systems Benefit Charges are included on property tax bills and, if not paid when due, can be enforced through foreclosure in the same manner as if the property owner had failed to pay property taxes. A supplemental source of County Disposal System Revenues is Tipping Fees, which are collected in various ways depending on the creditworthiness of a hauler. Of the County Disposal System Revenues for Fiscal Year 2012, Systems Benefit Charges accounted for approximately 71 percent and Tipping Fees, approximately 16 percent. See "The County Disposal System — County Disposal System Revenues."

The County Disposal System includes curbside collection of recyclable materials that can be recovered and separated from Processible Waste and returned to the economic mainstream ("Recyclables") but does not include the County's collection services for other Processible Waste ("Refuse"), which it conducts in certain parts of the County. Revenues from the collection of Refuse are not available to pay the Waste Disposal Fee or any other Long Term Obligation.

Project Revenues

Pledge of Project Revenues. Under the Indenture, the Authority has pledged to the Trustee, for the equal and ratable benefit of (a) the Bondholders for payment of the principal or redemption price of, and interest on, the Bonds and (b) any provider of a credit facility for Additional Bonds for the payment of all amounts that may become payable under any such credit facility:

- the Authority's right, title and interest in and to the proceeds of the Series 2013 Bonds and amounts on deposit in the funds and accounts under the Indenture; except that the Debt Service Reserve Fund for a series of Bonds secures only that series;
- all Project Revenues; and
- substantially all of the Authority's right, title and interest in and to and under the Primary Project Agreements and, to the extent permitted by Applicable Law, Project permits, licenses and approvals.

The Authority has not granted a mortgage on, or a security interest in, the Project. However, in the Indenture, the Authority agrees not to grant any security interest in the Project or to create or suffer to exist any liens or encumbrances on the Project, except for Permitted Encumbrances. In addition, State law prohibits mechanics' liens from being imposed on property of the Authority, and, as the Authority is not a tax paying entity, its property similarly is not subject to the imposition of tax liens. As a public instrumentality of the State, the Authority's property is also not subject to the imposition of judgment liens.

Project Revenues Defined. Project Revenues include:

- all amounts payable to the Authority or the Trustee pursuant to the Waste Disposal Agreement, the Service Agreement or any other Project Agreement, including any agreement pursuant to which the Authority sells electric energy and capacity generated by the Resource Recovery Facility (an "Energy Sales Agreement"); and
- all other receipts, revenues, rentals, income, insurance and condemnation proceeds and other moneys payable to or due to the Authority attributable to the ownership, leasing or operation of the Project, the Project Sites and certain related facilities, if any.

Project Revenues do not include amounts paid by the Trustee to the Authority or certain payments made by the Company to the Authority in support of the Authority's general operations. For the complete definition of Project Revenues and a more detailed description of the Indenture, see Appendices A, Summary of Certain Definitions, and D, Summary of Certain Provisions of the Indenture, respectively. Also see Appendix C, Financial Information Concerning the Authority. For a summary of selected revenue and expense information for the Project see "Operation of Authority Facilities — Revenue and Expenses of the Project" below.

County Disposal System as Primary Source of Project Revenues

Waste Disposal Agreement. In the Waste Disposal Agreement, the Authority agrees to dispose of all solid waste delivered by or on behalf of the County to the Transfer Station (or, in certain circumstances, to an alternate disposal facility), subject to certain rejection rights. The County must pay the Waste Disposal Fee whether or not the County delivers, or causes to be delivered, any waste to the Authority for disposal. The County's payment obligations under the Waste Disposal Agreement are limited to amounts available therefor in the Solid Waste Disposal Fund. However, as described above under "General," the County must comply with the Rate Covenant in the Master Authorization and Chapter 48 gives the County the authority to set Systems Benefit Charges at levels that are sufficient for it to do so.

The County may terminate the Waste Disposal Agreement for convenience or for the Authority's default, but any such termination is conditioned on the County making arrangements to redeem or defease all Outstanding Bonds in accordance with their terms. As an alternative, at any time that the County is entitled to terminate the Waste Disposal Agreement, including following a termination of the Service Agreement for Company default, the County may elect to assume operation of the Authority Facilities from the Authority (an "Authority Conduit Event") Upon such an assumption:

- the Authority's obligation to provide waste disposal services would cease;
- the County would assume the Authority's obligations under the Primary Project Agreements; and
- the Waste Disposal Fee would be reduced to the amounts needed to pay debt service on the Outstanding Bonds and to pay the Authority's administrative costs. The pledge of Project Revenues and Primary Project Agreements under the Indenture would remain unchanged.

The ability of the County to elect to assume operation of the Authority Facilities is subject to certain conditions, including meeting a revenue test and obtaining the assurance of the Rating Agencies that the ratings on the Outstanding Bonds will not be lowered by reason of the County's assumption of operations.

Under the Waste Disposal Agreement, the Authority generally (a) may not exercise any discretionary right it has under the Authority Component Agreements (other than the Waste Disposal Agreement) without the County's consent and (b) must exercise any discretionary right if directed to do so by the County. In addition, the County generally has the right to direct the Authority's actions relating to disputes under Authority Component Agreements. The discretionary rights referred to in this paragraph do not include any of the Authority's rights under the Waste Disposal Agreement.

See Appendix E, Summaries of Certain System Documents, for a more detailed description of the Waste Disposal Agreement.

Master Authorization

General. The Master Authorization, which, together with Chapter 48, governs the funding and operation of the County Disposal System, is incorporated into the Waste Disposal Agreement and is required to be made part of all the County's Long Term Obligations. A Long Term Obligation is defined in the Master Authorization and is generally any bond or other obligation for money borrowed by the County in connection with the County Disposal System or a multi-year agreement entered into by the County in connection with the County Disposal System, under which the County's payment obligations are not subject to appropriation but are secured by County Disposal System Revenues. Before entering into a Long Term Obligation, the County must satisfy certain conditions in the Master Authorization, including meeting a revenue test. See "The County Disposal System —Master Authorization — Long Term Obligations." The County's current capital improvement plan does not include any projects that would require the County to enter into any additional Long Term Obligations.

Pledge of County Disposal System Revenues. In the Master Authorization, the County has pledged, as security for its payment and performance obligations under Long Term Obligations, all of the County's right, title and interest in and to, among other things, all County Disposal System Revenues. County Disposal System Revenues are substantially all revenues generated by, and any other moneys received by the County attributable to, the County Disposal System. The County must deposit all County Disposal System Revenues into the Solid Waste Disposal Fund. See Appendix A, Summary of Certain Definitions, for a complete definition of County Disposal System Revenues.

The County has not granted a mortgage on, or a security interest in, the County Disposal System. However, in the Master Authorization, the County agrees that, so long as any Long Term Obligation is outstanding, it will not mortgage, pledge or encumber any part of the facilities in the County Disposal System or issue any indebtedness (unless subordinated to Long Term Obligations) or enter into any obligation (other than the Waste Disposal Agreement and other Long Term Obligations) that

is secured by a pledge of, or other lien or charge on, County Disposal System Revenues. See “County Disposal System — Master Authorization — Long Term Obligations” for a more detailed description of Long Term Obligations and Appendix A, Summary of Certain Definitions, for the complete definition of Long Term Obligations. In addition, mechanics’ liens may not be imposed on property of the County, and, as the County is not a tax-paying entity, its property similarly is not subject to the imposition of tax liens. As a chartered county of the State, the County’s property is also not subject to the imposition of judgment liens.

Sources of County Disposal System Revenues

The primary source of County Disposal System Revenues is Systems Benefit Charges. Chapter 48, which permits the imposition and collection of Systems Benefit Charges, was approved by referendum in 1994. A supplemental source of System Disposal Revenues is Tipping Fees. Of the County Disposal System Revenues that the County received in Fiscal Year 2012:

- approximately 71 percent came from Systems Benefit Charges, which were included on property tax bills;
- approximately 16 percent came from Tipping Fees; and
- the balance came from various sources, including proceeds from the sale of Recyclables and investment income.

See Table 1 under Appendix B, Financial Information Concerning the County Disposal System, for a more detailed breakdown of County Disposal System Revenues for the last five Fiscal Years.

Electricity Sales Revenues

The Authority shares with the Company revenues that it receives from sales of electric energy and capacity. The Company receives 8% of the annual electricity sales, up to a maximum of \$960,000 escalated by the Operating Charge Inflation Adjuster, utilizing Fiscal Year 2012 as the Base Year. The Company also receives approximately one-third of the revenues generated from its production of electricity above a pre-set monthly threshold. Otherwise, the Solid Waste Disposal Fund receives the benefit of all annual electricity sales revenues in the form of a Credit to the County, otherwise chargeable as operating costs under the Waste Disposal Agreement. The Authority also competitively markets capacity credits and renewable energy credits both of which are fully credited to the Solid Waste Disposal Fund (i.e. no Covanta share) via netting down of operating costs otherwise chargeable to the County under the Waste Supply Agreement. See “Operation of Authority Facilities — Sale of Electricity.”

Additional Debt Secured by the Indenture

In the event of a termination of the Service Agreement as a result of a Company default, the Company is required to make a termination damage payment. If the Authority, at the County’s direction, elects to continue to operate the Resource Recovery Facility, the termination damage payment will be based on the shortfall, if any, of the tested throughput capacity of the Resource Recovery Facility from its guaranteed throughput capacity.

The Indenture prohibits the Authority from incurring Indebtedness that is payable from, or secured in whole or in part by, the Trust Estate except for (a) Additional Bonds, (b) costs payable to the Company under the Service Agreement for capital projects resulting from an Uncontrollable Circumstance, (c) obligations that are subordinate to all Outstanding Bonds and (d) unsecured indebtedness.

Additional Bonds may only be issued if, among other things, the County certifies that the conditions to the execution of a Long Term Obligation in the Master Authorization have been satisfied with respect to the Additional Bonds. In addition, Additional Bonds must (i) be issued on a parity with all Outstanding Bonds and (ii) for purposes of acquiring, completing or improving the Authority Facilities or any other purpose permitted or required under the Service Agreement, the Waste Disposal Agreement or the Act. The Series 2013 Bonds are being issued as Additional Bonds. The Authority does not anticipate issuing any more Additional Bonds. See Appendix D, Summary of Certain Provisions of the Indenture, “Additional Indebtedness of the Authority.”

Debt Secured by County Disposal System Revenues

The Master Authorization limits the County’s ability to enter into Long Term Obligations by requiring it to meet, prior to entering a Long Term Obligation, certain conditions intended to ensure that the County will continue to be able to meet all of its Long Term Obligations, including satisfying a revenue test. The Master Authorization prohibits the County from assuming any obligation that is senior to Long Term Obligations and secured by County Disposal System Revenues. See “The County Disposal System - Master Authorization — Long Term Obligations.”

As of April 1, 2013, the Series 2013 Bonds will be the only outstanding County System Indebtedness. The following table shows the debt service payments on the Series 2013 Bonds.

Debt Service of the Series 2013 Bonds

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2014	\$2,725,018.33	\$20,715,000	\$23,440,018.33
2015	\$2,081,900.00	\$19,690,000	\$21,771,900.00
2016	\$1,491,200.00	\$37,280,000	\$38,771,200.00

Debt Service Reserve Fund

A Debt Service Reserve Fund has been established for the benefit of the Series 2013 Bonds. A separate Debt Service Reserve Fund may be established for any series of Additional Bonds. Upon the issuance of the Series 2013 Bonds, proceeds thereof in an amount equal to the Series 2013 Debt Service Reserve Fund Requirement will be deposited into the Series 2013 Debt Service Reserve Fund. The "Series 2013 Debt Service Reserve Fund Requirement" is an amount equal to the lesser of (a) the Maximum Annual Debt Service on the Outstanding Series 2013 Bonds and (b) 10% of the lesser of (i) the proceeds of the Series 2013 Bonds and (ii) the initial aggregate principal amount of the Series 2013 Bonds.

Amounts in the Series 2013 Debt Service Reserve Fund will be available for transfer to the Series 2013 Debt Service Fund and related accounts if the amounts therein are insufficient to make required payments on the Series 2013 Bonds. If the amount on deposit in the Series 2013 Debt Service Reserve Fund falls below the Series 2013 Debt Service Reserve Fund Requirement, the Trustee must make a series of deposits (over a period of time as long as 24 months) until the requirement is met. However, if the requirement is not met as a result of a decline in the value of the assets credited to the Series 2013 Debt Service Reserve Fund, no deposits will be required unless the amount on deposit is valued at less than 90% of the requirement.

Enforceability of the Waste Disposal Agreement

It is a County event of default under the Waste Disposal Agreement if (i) the County fails to pay any or all of any portion of the Waste Disposal Fee when due and such default continues for a period of 30 days, (ii) the County defaults in the performance or observance of any other covenant, agreement or condition in the Waste Disposal Agreement and such default continues for a period of 90 days after written notice (unless such default cannot be cured within 90 days and the County institutes corrective action within such period and diligently pursues such action until the default is remedied), (iii) the County files a petition or otherwise seeks relief under any federal or state bankruptcy or similar law with respect to the County or the Solid Waste Disposal Fund, or (iv) an Event of Default (as defined in the Master Authorization), such as a failure of the County to observe the Rate Covenant, occurs.

Upon the occurrence of a County event of default, the Authority may commence an action for specific performance of any covenant contained in the Waste Disposal Agreement, such as the Rate Covenant. In addition, if the Authority were to obtain a judgment for damages against the County, the Authority may seek to levy and collect such damages from the moneys pledged by the County pursuant to Section 4.1 of the Master Authorization, which includes, but is not limited to, all funds held in the Solid Waste Disposal Fund.

In addition, upon the occurrence of a County event of default, the Authority may terminate the Waste Disposal Agreement and seek to be appointed as, or to obtain the appointment of, a receiver of the moneys, securities and funds then held by the County in the Solid Waste Disposal Fund. Subject to compliance with the Solid Waste Management Plan and so long as such receiver provides, or causes to be provided, disposal service to the Collection and Disposal District (subject to payment therefor for such service) such receiver may (i) operate and maintain the Authority Facilities, (ii) charge, collect and receive such revenues, and (iii) use such other components of the County Disposal System as necessary or appropriate to permit the Authority Facilities to operate at its capacity; provided, however, that a receiver would have no power to impose or collect Systems Benefit Charges. Such receiver will be entitled to charge the Collection and Disposal District a per-ton fee at the higher of a per-ton rate (calculated to recover all components of the Waste Disposal Fee) and the short term spot market prices that the receiver can charge at the time.

Limited Obligation

The Series 2013 Bonds are limited obligations of the Authority payable solely from the Project Revenues and certain amounts available under the Indenture, including certain proceeds of the Series 2013 Bonds. The Series 2013 Bonds are not payable from the general fund of the Authority and do not constitute a legal or equitable pledge of or lien or encumbrance upon, any of the assets or property of the Authority or upon any of its income, receipts or revenues, except as provided in the Indenture. The Series 2013 Bonds do not constitute a debt, liability or pledge of the faith and credit of the State or any political subdivision of the State, including the County. Neither the State nor the Authority nor any political subdivision of the State, including the County, is obligated to pay the principal or Redemption Price of, or interest on, the Series 2013 Bonds except from the Project Revenues and other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the State or the Authority or any political subdivision of the State, including the County, is pledged to the payment of the principal of or the interest on the Series 2013 Bonds. The issuance of the Series 2013 Bonds is not directly or indirectly or contingently an obligation, moral or other, of the state, or the Authority or any political subdivision of the State, including the County, to levy or

pledge any tax or make any appropriation for their payment. There is no provision for appropriations for the benefit of the Authority by the State. The Authority has no taxing power. The Authority has no claim on any revenues or receipts of the State or any agency or political subdivision thereof, except its right to receive payments from the County pursuant to the Waste Disposal Agreement and its rights arising under the Master Authorization as an obligee under the Long Term Obligations of the County, including the Waste Disposal Agreement. With respect to any provision of the Waste Disposal Agreement, the liability and obligations of the County for all monetary payments under the Waste Disposal Agreement are limited obligations of the County payable solely from amounts available for such purpose pursuant to the Master Authorization. The liability of the County for any such monetary payments with respect to the Waste Disposal Agreement must not obligate payment from the general fund of the County and the incurrence or nonperformance of such obligations, must 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 County or of its income, receipts or revenues, except amounts available pursuant to the Master Authorization.

THE COUNTY DISPOSAL SYSTEM

General

Montgomery County has developed and implemented an integrated solid waste management system, the County System, to provide for the management and disposal of solid waste generated within the County. The County System provides for the collection, recycling, composting, transfer, mass burning, and landfilling of solid waste. The County has been providing solid waste collection and disposal services since 1943. The County directly provides recycling collection services to residential units of six or fewer families in all unincorporated parts of the County, provides Refuse collection to approximately 43% of those residences, and licenses the private haulers which serve most of the County. The County Disposal System is the portion of the County System relating to the disposal of solid waste and certain curbside recycling collection services. The County owns the Materials Recovery Facility, the Composting Facility and the Project Sites. The Authority owns the Resource Recovery Facility and operates it, together with the Transfer Station and the related Transportation System, pursuant to the Waste Disposal Agreement. Additionally, the County has contractual arrangements for the management of various other components of the County Disposal System. The County System is designed to promote reuse, recycling and composting, and the County estimates that approximately 60% of the solid waste generated in the County is managed with these methods. The Resource Recovery Facility is the primary disposal site for all Refuse delivered to the County Disposal System.

The County has established a Solid Waste Disposal Fund. The Solid Waste Disposal Fund is managed as an enterprise fund of the County. The County implemented the Systems Benefit Charge in 1994 and these charges are the primary sources of revenue for the County Disposal System. The Systems Benefit Charge is a user fee assessed for the use and benefit of the County Disposal System. Although the Systems Benefit Charge is not a tax, it is collected on the property tax bill of residences and businesses. Systems Benefit Charges have accounted for about \$64 million or 71% of system revenues collected in Fiscal Year 2012 of the County Disposal System Revenues. The County Disposal System's second largest revenue source is Tipping Fees charged to haulers delivering Refuse for which disposal charges are not prepaid through Systems Benefit Charge. Tipping Fee revenue was approximately \$15 million, or 16% of the County Disposal System Revenue in Fiscal Year 2012. Market-based Tipping Fee revenues increased during Fiscal Year 2008 then decreased slightly during Fiscal Year 2009 and have remained about the same through Fiscal Year 2012. The Tipping Fee has remained constant at \$56 per ton since Fiscal Year 2008, and the amount of Refuse delivered that is subject to the Tipping Fee initially decreased as a result of the recession and then stayed relatively flat each of the past four years. Other County Disposal System Revenues include interest earnings, Recycling Material Sales revenues, and miscellaneous revenues and fees. Additionally, the County's payment obligations to the Authority for Refuse disposal are reduced by certain revenues, principally electricity revenues, received by the Authority.

As more fully described below, pursuant to the Master Authorization, the County has entered into the Rate Covenant to support its Long Term Obligations and the County has the ability to increase the Systems Benefit Charge, without any legal limitation, to meet the Rate Covenant.

Legislative Authority

The operation and funding of the County System is governed by (a) Chapter 48 of the Montgomery County Code and (b) the County's covenants contained in the Master Authorization, which is a contractual obligation of the County for the benefit of counterparties to Long Term Obligations, including the Authority under the Waste Disposal Agreement. Since 1976, the County has maintained the Solid Waste Disposal Fund to segregate the assets, revenues and expenditures related to the disposal and recycling of solid waste in the County, and the Master Authorization requires the County to maintain this fund. All County Disposal System Revenues must, by law and pursuant to the Master Authorization, be credited to the Solid Waste Disposal Fund, and may not be diverted for other purposes. Chapter 48 specifically provides that the Solid Waste Disposal Fund must be maintained so that revenues at least equal expenses. Chapter 48 and the Master Authorization further provide that, to the extent that annual expenses exceed or are less than annual revenues, the fees and charges assessed for solid waste disposal will ordinarily be adjusted at least annually to fund such deficits or to utilize such surpluses; provided that retention of surpluses is permitted when necessary to fund estimated future expenses or to provide funding for future anticipated short-term deficits. All the costs incurred by the

County in providing disposal and recycling services through the County Disposal System are paid from the Solid Waste Disposal Fund.

Solid Waste Management Plan

State law requires the County to develop a Solid Waste Management Plan for the entire County, including all towns, municipal corporations and sanitary districts. The Solid Waste Management Plan must cover a ten-year planning period and be updated periodically. The plan must describe the solid waste disposal systems, solid waste acceptance facilities and the systematic collection and disposal of solid waste by public or private entities. The Solid Waste Management Plan and each periodic revision to the plan must be approved by the Maryland Department of the Environment.

The current Solid Waste Management Plan covers the period from Fiscal Year 2009 through Fiscal Year 2019 and is available at:

http://www6.montgomerycountymd.gov/swstmpl.asp?url=/content/dep/solidwaste/reference/10yr_plan/index.asp.

The County is presently updating the Solid Waste Management Plan to cover the period from Calendar Year 2011 through Calendar Year 2023, and it is expected to be completed and approved by the County Executive, County Council and the Maryland Department of the Environment by the end of Calendar Year 2013.

The Solid Waste Management Plan establishes waste reduction as the most preferred management technique, followed by reuse and recycling, then incineration with energy recovery, and, least preferred, landfilling.

Master Authorization

System Revenue Pledge

In the Master Authorization, the County pledges substantially all amounts in the Solid Waste Disposal Fund to the payment of Long Term Obligations. See Appendix E, Summaries of Certain System Documents, "Summary of Certain Provisions of the Master Authorization."

Covenants

Certain covenants of the County in the Master Authorization are described below. In addition to those, the Master Authorization includes various fiscal and management-related covenants.

Service Covenant. The County must, consistent with prudent solid waste management practices, provide or cause the provision of capacity for, the disposal or recycling of all solid waste generated in the County.

Non-Competition Covenant. The County must not operate, or permit in the County, any waste disposal facilities that will compete with the County Disposal System.

Rate Covenant. The County must fix, charge, and collect rates, fees, and charges for disposal services rendered by the County through the County Disposal System and must revise such rates, fees and charges as may be necessary or appropriate, to produce, in each Fiscal Year, County Disposal System Revenue that (when combined with available balances in specified funds) will at least equal the sum of:

- 100% of the Operating Expenses of the County Disposal System for such Fiscal Year; plus
- 110% of the payments to be made in such Fiscal Year in respect of County System Indebtedness and 100% of the remaining balances payable as Long Term Expenses for such Fiscal Year; plus
- 100% of the amount required to fund reserves for debt service on County System Indebtedness, long term maintenance and rate stabilization for such Fiscal Year.

Long Term Expenses are any amounts payable by the County pursuant to Long Term Obligations. Under the Master Authorization, the available fund balances that may be taken into account in determining compliance with the Rate Covenant may not exceed 25% of the rates, fees, and charges which would have to be imposed to meet the Rate Covenant if such balances were not considered. See Appendix E, Summaries of Certain System Documents, "Summary of Certain Provisions of the Master Authorization — Rates and Charges — Rate Covenant."

As long as the County meets the Rate Covenant, the Master Authorization permits the County to provide free or reduced rate disposal service with respect to specific types of Recyclables or Refuse in order to provide incentives for the use of certain components of the County Disposal System. The County has not implemented any incentive rates to date.

Waste Delivery Covenant. The County must deliver or cause to be delivered to the County Disposal System all residential Refuse generated in the County and all Refuse from County facilities. In addition, the County must use its best efforts (other than by legislation) to deliver or cause to be delivered substantially all non-residential Refuse. This obligation is subject to the provisions of the Solid Waste Management Plan that provide for the development of source

reduction programs and commercial recycling programs which may be implemented through private facilities.

Long Term Obligations

The Master Authorization authorizes the County to have Long Term Obligations outstanding from time to time. Generally, a Long Term Obligation is:

- any bond or other obligation for money borrowed by the County in connection with the County Disposal System that is secured by County Disposal System Revenues;
- any contract to which the County is a party that (a) bears upon or affects any obligation or responsibility of the County under the Master Authorization, including the Rate Covenant or (b) is a multi-year contract that (i) does not include a provision stating that the contract is subject to appropriations and (ii) the County cannot terminate at its option and without penalty; and
- any agreement that the County enters into with an issuer of a letter of credit, bond insurance or any other credit facility that secures bonds issued by the County or any other bonds issued in accordance with one of the Long Term Obligations described above.

For the complete definition of Long Term Obligation, see Appendix A, Summary of Certain Definitions.

The Master Authorization requires the County to satisfy certain conditions before entering into a Long Term Obligation, including the condition that the County delivers a certificate of an independent, certified accountant stating that, among other things, the Rate Covenant was satisfied during any 12 month period that ended within the past six months. However, this certification is not required when the County enters into a Long Term Obligation to cure a default under the Rate Covenant or under the Waste Disposal Agreement. See Appendix E, Summaries of Certain System Documents, "Summary of Certain Provisions of the Master Authorization — Long Term Obligations."

Reserves

The Master Authorization requires the County to deposit all County Disposal System Revenues into the Revenue Account of the Solid Waste Disposal Fund and to periodically transfer moneys therein to other accounts of the Solid Waste Disposal Fund. Transfers must first be made to the Operating Account and then to the Long Term Obligation Account. Moneys remaining in the Revenue Account must then be transferred, to the extent available, to the County Bond Debt Service Reserve Account, the Renewal and Replacement Account, the Rate Stabilization Account and the General Account (collectively, the "Reserve Accounts"). The amounts to be deposited into the Reserve Accounts are as follows:

- Funds must be deposited into the County Bond Debt Service Reserve Account in the amount required to make the balance thereof equal to the greatest amount of debt service becoming due in the Fiscal Year in which such computation is made or in any succeeding Fiscal Year or such other amount as may be allowed within the limitations of the Code. This requirement will be satisfied if the County Bonds at issue are secured by (i) a general obligation of the County for which its full faith and credit are pledged, or (ii) a banking facility or guaranty facility with a minimum rating of "A" from Moody's or Standard & Poor's;
- Funds must be deposited into the Renewal and Replacement Account in the amount required to make the balance thereof equal to the amount that is determined by the Consulting Engineer to be reasonably necessary as a reserve for expenses with respect to certain types of repairs, renewals, replacements and maintenance of items used in the County Disposal System and for expenses relating to the closure of certain components used in the County Disposal System;
- Funds must be deposited into the Rate Stabilization Account to make the balance thereof equal to the amount determined by the County in its discretion as is appropriate for its purpose; and
- Any funds remaining after deposits are made to the other Reserve Accounts must be deposited into the General Account.

Management of the System

The Department of Environmental Protection, which is part of the County's Executive Branch, is responsible for planning, implementing and managing the County Disposal System, which it carries out through its Division of Solid Waste Services (the "Division"). The Division is assisted in discharging its responsibilities by the County Department of Finance, the County Attorney's Office, and other departments of the County's Executive Branch. The Department of Environmental Protection has four separate divisions headed by division chiefs. Currently, the Division has 87 full-time employees involved in managing solid waste activities in the County.

Key personnel with management responsibility for the County System include:

Robert G. Hoyt, Director, Department of Environmental Protection. Mr. Hoyt serves as the Director of the

Department of Environmental Protection in Montgomery County, Maryland. He oversees four divisions comprising solid waste management, watershed management, environmental policy and compliance, and water and wastewater management with a combined budget of approximately \$120 million. He co-chairs the Sustainability Working Group, which has broad representation from among the community, businesses, and other interest groups and drafted the County's Climate Protection Plan. He represents the County at regional water and sewer utilities and commissions. He is responsible for County programs and legislative initiatives on energy, air quality, noise, climate change, litter, streams/watersheds, stormwater and more than a dozen other areas that impact the environment. Prior to serving in local government, Mr. Hoyt formerly served as Assistant Secretary of the Maryland Department of the Environment. In 2001, Mr. Hoyt co-founded the EcoLogix Group, Inc., which provided environmental policy guidance to clients including government agencies, businesses and environmental organizations. He was also a Deputy Attorney General for the New Jersey Division of Law. He has 10 years of combined experience practicing and teaching environmental law. He has taught at the University of Maryland's School of Law and the Widener University School of Law. Mr. Hoyt earned a B.A. in Political Science from Princeton University and a Juris Doctorate from Rutgers University.

Daniel E. Locke, P.E., Division Chief of the Division of Solid Waste Services. Mr. Locke received a Master's Degree in Engineering Management from George Washington University in 1993 and a Bachelor's Degree in Mechanical Engineering from The Pennsylvania State University in 1981. For 15 years, he worked for a private electric utility and was responsible for various aspects of construction, maintenance and operation of several power generation facilities. Mr. Locke is responsible for directing and coordinating the solid waste processing, disposal, collection and recycling, and solid waste planning activities of the County. He has direct responsibility for managing annual operating budgets in excess of \$100 million. He is a registered professional engineer in Maryland and Virginia.

Joseph F. Beach, Director, Department of Finance. Mr. Beach was appointed Director of Finance in July 2011. Prior to his appointment, he served in a variety of senior level positions with Montgomery County Government including, Director of the Office of Management and Budget, Assistant Chief Administrative Officer, Operating Budget Coordinator, and Senior Budget Analyst. Mr. Beach's service for the County included extensive work in the areas of collective bargaining, criminal justice policy, multi-year budgeting, and contract review. Mr. Beach was admitted to the State Bar of Maryland in December 1995. He serves as an ex officio member of the County's Board of Investment Trustees, as the Chair of the Conference Center Management Committee, and also serves on the Board of Directors for the Strathmore Hall Arts Foundation.

William F. Davidson, Project Manager. Mr. Davidson is the Section Chief of Northern Operations, Emissions and Strategic Planning, and manages operations of the Montgomery County's 60 megawatt Waste-to-Energy Facility and 77,000 ton-per-year Yard Trim Composting Facilities, both located in Dickerson, MD. His work includes a variety of studies related to those facilities including dispersion modeling, health risk assessments and periodic environmental monitoring to detect any trends in ambient media. For the Composting Facility, Mr. Davidson recently managed creation of an ISO14001 Environmental Management System, and as manager of the Division's Strategic Planning process, his section conducts periodic waste composition, and planning and feasibility studies. Mr. Davidson holds a Master of Science degree in Mechanical Engineering from the University of Maryland; a Master of Science degree in Environmental Management Systems from The American University; and a Bachelors of Science degree in General Physical Sciences from the University of Maryland.

From 1998 to 2006, Mr. Davidson served as Business Manager for the County's Solid Waste Enterprise Funds, where he managed revenues to assure full cost coverage, and developed a system of business practices allowing activity-based full cost accounting.

Anthony J. Skinner, Business Manager. Mr. Skinner is the Business Manager for the Solid Waste Enterprise Fund, where he manages the operating and Capital Improvement Program (CIP) budget submission, financial reporting, Information Technology support, contract administration support, and overall financial management of solid waste operations. Mr. Skinner oversees the fiscal management and ensures the integrity of the Solid Waste Fund as evidence by meeting the six year fund balance and reserve requirements. Mr. Skinner manages the rate setting process to assure that rates and charges are fully integrated with the budget process, provide revenue consistent with fiscal targets and are equitable and fully defensible as user fees and provide for a sustainable financial position. Mr. Skinner has about twenty years' experience in managing operating and CIP budgets in the solid waste, transportation, and health/social services delivery areas. Mr. Skinner holds a Master of Business Administration degree in Corporate Finance from Hood College; and a Bachelors of Arts degree in Economics from the University of Maryland.

County Disposal System Components

The County Disposal System includes the Transfer Station, the Resource Recovery Facility, the Materials Recovery Facility, and the Composting Facility. The County has a contract for out-of-State landfill disposal, and owns undeveloped property dedicated for use as a County-owned landfill if necessary.

Authority Facilities

Transfer Station. The Transfer Station is owned by the County and leased to the Authority pursuant to the Project Site Lease. Refuse is delivered by truck to the Transfer Station, which is located on an approximately 40-acre site in Derwood, Maryland in the central portion of the County, approximately 18 miles from the Resource Recovery Facility.

The Transfer Station has been in operation since 1982 and is permitted to receive up to 821,500 tons of solid waste per year. The facility has four compactors for redundancy. The facility can maintain operations with two of the four compactors in operation if necessary. Refuse is compacted at the Transfer Station for transport by rail to the Resource Recovery Facility. Yard Waste that can be composted is transported to the Composting Facility and brush and branches are chipped for distribution as mulch. A small portion of the Nonprocessable Waste is separated and recycled. The remaining Nonprocessable Waste is loaded at the Transfer Station and transported by truck to the County Designated Landfill.

Transportation System. The Transportation System includes railcars and intermodal sealed containers. Waste delivered to the Transfer Station is compacted and put into the containers, which are then loaded onto the railcars at a railroad yard adjacent to the Transfer Station Site. The railcars are pulled by CSX-owned locomotives over CSX-owned and operated tracks to a rail yard adjacent to the Resource Recovery Facility. Residue generated by the processing of Refuse is transported by rail to a landfill in Virginia owned by Republic Services, Inc. where it is screened and then beneficially reused as Alternate Daily Cover (ADC) or road base within the confines of the modern, lined, permitted landfill facilities owned by Republic Services. Additional metals removal for recycling is also performed during the ash screening process.

Under the Rail Transportation Agreement, the Authority must maintain its containers and railcars and CSX must maintain and supply all other machinery, equipment and other material necessary for CSX to transport processible solid waste from the Transfer Station to the Resource Recovery Facility. The term of the Railroad Transportation Agreement expires on August 7, 2015 and the Authority is in the process of preparing for a negotiation of an extension or a substitute rail contract. The Authority will be in default if it fails to pay amounts due within a specified period of time and either party will be in default if it fails to fulfill any material obligation following notice and a cure period of a reasonable period of time. A party may terminate the Rail Transportation Agreement only for the default of the other party if, among other things, (a) there exists no reasonable expectation that the terminating party can recover damages sufficient to compensate it for any loss incurred as a result of the default and (b) there has been a final nonappealable determination that the default relates to a material obligation.

The Authority and the County expect that, prior to the end of the term of the Rail Transportation Agreement, they will be able to negotiate an extension of the agreement on acceptable terms. The Authority and the County have good working relationships with CSX and are considered valuable customers. In the event of a disruption to the Transportation System, the County owns and could lease truck transportation equipment to transport solid waste that could provide a credible alternative to the Transportation System moving the same daily volumes if the Rail Transportation System were unavailable for short periods of time.

Resource Recovery Facility. The Resource Recovery Facility is a mass-burn waste-to-energy facility owned by the Authority. The Resource Recovery Facility, which opened in August 1995, is located on a County-owned, 34-acre site near Dickerson, Maryland, which is leased to the Authority under the Project Site Lease. The Resource Recovery Facility consists of three, 600 tons-per-day, mass-burning, refuse-fired boiler units that produce high-pressure, high-temperature steam to generate electricity. The Resource Recovery Facility incorporates the mass-burning technology of Martin GmbH fur Umwelt-Energietechnik ("Martin GmbH"). Electricity from the Resource Recovery Facility is competitively marketed by the Authority. Currently, electricity is sold in the PJM day-ahead market. Covanta receives 8% of the annual electricity sales, up to a maximum of \$960,000 escalated by the Operating Charge Inflation Adjuster, utilizing Fiscal Year 2012 as the Base Year. Covanta also receives approximately one-third of the revenues generated from its production of electricity above a pre-set monthly threshold. Otherwise, the Solid Waste Disposal Fund receives the benefit of all annual electricity sales revenues in the form of a Credit to the County, otherwise chargeable as operating costs under the Waste Disposal Agreement. The Authority also competitively markets capacity credits and renewable energy credits both of which are fully credited to the Solid Waste Disposal Fund (i.e. no Covanta share) via netting down of operating costs otherwise chargeable to the County under the Waste Supply Agreement. See "Operation of Authority Facilities — Sale of Electricity." After incineration, ferrous metal is recovered from the Residue and sold to scrap metal dealers. Covanta markets recovered ferrous metals. The Solid Waste Disposal Fund, also as a Credit against operating costs otherwise chargeable to the County under the Waste Disposal Agreement, receives 50% of the revenue earned by the sale of ferrous metals recovered at the Facility, net of transportation costs. The remaining Residue is transported by rail to a contracted landfill in Virginia for screening into two grades for road base and Alternate Daily Cover (ADC) and is beneficially reused within the confines of permitted landfill facilities. Additional metals removal also occurs during the screening process.

Operation. The Authority operates the Authority Facilities for the County pursuant to the Waste Disposal Agreement. See "Security and Sources of Payment for the Bonds — County Disposal System as Primary Source of Project Revenues — Waste Disposal Agreement." The Company operates the Resource Recovery Facility for the Authority pursuant to the Service Agreement. See "Operation of Authority Facilities — The Service Agreement."

Project Sites. The Authority purchased the 34-acre Facility Site, together with easements necessary for rail, water, electricity and wastewater service, from the Potomac Electric Power Company ("PEPCO") pursuant to the Facility Site Agreement and deeded them to the County. The Authority and the County then entered into the Project Site Lease under which the County leased the Facility Site, the approximately 40-acre Transfer Station Site, the

Transfer Station and related easements to the Authority. One of these easements gives the Authority access to a water discharge canal, which is the source of cooling water for the Resource Recovery Facility, until at least 2019. The term of the Project Site Lease ends in 2030 and the County does not have a right to terminate it as long as the Waste Disposal Agreement is in effect. After entering into the Facility Site Agreement, PEPCO sold its generating plant to Mirant, together with a portion of the site on which the plant is located, which is adjacent to the Facility Site. PEPCO assigned the Facility Site Agreement to Mirant (now GenOn), which has merged with NRG Energy, Inc.

Landfill Arrangements

The Landfill Agreement. The Waste Disposal Agreement provides that the County must make a landfill available for the Project. Under the Landfill Agreement, the County must accept at a landfill designated by it from time to time (the "County Designated Landfill") all solid waste that is delivered by or on behalf of the Authority, subject to sufficient capacity being available and to certain rejection rights. During a shutdown of the County Designated Landfill, the County must accept what waste it can and use reasonable efforts to make an alternate facility available to the Authority for the waste that the County is unable to accept. Under the County's modified transportation and disposal contract, ash residue designated for beneficial re-use can go to multiple modern, lined, permitted landfill facilities. There is still dedicated, reserved disposal capacity at one or more contracted facilities for bypass or waste that is not beneficially reused or recycled. Events of default under the Landfill Agreement are the failure to pay amounts due and persistent or repeated failure to perform a material obligation that is not cured within a reasonable amount of time. If the Authority defaults, the County will have the right to recover damages but will not have the right to terminate the Landfill Agreement. If the County defaults, the Authority will be entitled to injunctive or mandamus relief to enforce the County's obligations. The term of Landfill Agreement will continue until, at the earliest, the final maturity date of the Series 2013 Bonds. To fulfill its obligations under the Waste Disposal Agreement, the County has entered into a multi-year contract with a subsidiary of Republic Services, Inc. for distribution of waste excluding hazardous and certain other unacceptable waste at the subsidiary's landfills (or if that landfill is unavailable, at an affiliate's landfill in Georgia). The County believes that sufficient out-of-County landfill services would be available at rates consistent with its current arrangements if, for any reason, capacity is not available pursuant to such contract.

County-Owned Landfills. At present, the County does not operate any landfills. However, the County owns approximately 650 acres located two miles from the Resource Recovery Facility. The County currently has a State Refuse Disposal Permit for a landfill on 125 of those acres, with the balance of 525 acres to be used as a buffer. The Refuse Disposal Permit is scheduled to expire on May 12, 2014, but the County plans to continue to renew the permit prior to the end of each five-year permit period. The County plans to develop this landfill as and when out-of-County disposal becomes unfeasible. County policy is to maintain the land held in reserve for a future "Site 2" landfill, and this site is currently used for agricultural purposes. The County owns two closed landfills, the Gude Landfill near Rockville and the Oaks Landfill near Laytonsville.

Materials Recovery Facility

The County provides curbside recycling collection services to all single family residences in the unincorporated portions of the County. All Recyclables collected at curbside, and certain Recyclables collected by independent collection contractors, are transported by truck to the Materials Recovery Facility, located on a 10-acre site in Derwood, Maryland, adjacent to the Transfer Station. The Materials Recovery Facility, which opened in 1991, is operated by the Maryland Environmental Service, a State agency, under contract with the County. The Materials Recovery Facility sorts and sells paper and containers (such as glass bottles, aluminum cans and plastic bottles). The Materials Recovery Facility disposes of non-recyclable residue that remains after the sorting of recyclable materials. The Materials Recovery Facility serves as a receiving and transfer point for mixed paper. All paper is loaded and transported to Office Paper Systems in Gaithersburg, Maryland for separation into various grades. The facility currently receives and transfers about 200 to 250 tons of mixed paper per day. Commingled material (bottles, cans, foil products, tubs, lids, caps, plastic containers, buckets, etc.) is processed 40 to 48 hours per week. Shifts typically range from 8 to 11 hours. Ten-hour shifts typically process about 115 tons. At present, the Materials Recovery Facility typically operates one extra 8-hour shift per week for a total of 48 processing hours.

Composting Facility

The County composts Yard Waste (principally leaves and grass) at a 118-acre facility near Dickerson, Maryland. The resulting compost is dried and screened for marketing. The Composting Facility, which opened in 1992, is operated by the Maryland Environmental Service. Agreements between the County and local citizens groups limit the Composting Facility to no more than 77,000 tons of Yard Waste per year.

Permits

All components of the County Disposal System are in material compliance with all required permits. See "Governmental Regulations".

Waste Disposal Services

Pursuant to the Master Authorization, the County must, consistent with prudent solid waste management practices, provide or cause the provision of capacity for the disposal or recycling of all Refuse generated in the County.

Service Area

Chapter 48 provides that the County System's service area is the entire County. Located adjacent to Washington, DC, the County includes 487 square miles of land area. The following rankings are based on data from 2010: The County accounts for just over 17 percent of the State's population; ranks first among large counties nationwide in educational attainment with 30 percent of residents having earned an advanced degree; maintains the second lowest unemployment rate in the State of Maryland and is below the regions overall rate; ranks among the six wealthiest counties in the region; ranks second in the State and ninth nationwide with a median household income of \$88,559; and the aggregate personal income of County residents was estimated at \$65.9 billion. As of January 1, 2012, the County had 366,743 households.

Waste Generation

Pursuant to State law and as part of its ongoing management and planning process, the County annually collects statistics regarding the solid waste generated in the County ("County Generated Waste") and projects the County Generated Waste expected to be delivered to the County for disposal. All waste haulers operating in the County are required to be licensed by the County and, as a condition of the license, each waste hauler must provide the County with statistics regarding all County Generated Waste that they transport, whether disposed of through the County Disposal System or elsewhere. Accordingly, the County maintains accurate records of the amount of solid waste collected in the County by each licensed hauler and where that waste is disposed.

Table 1 presents historic waste generation statistics for the County System for Fiscal Years 2008 through 2012, and Table 2 presents the County's projections for Fiscal Years 2013 through 2018:

Table 1

Historical Waste Generation

	2008	2009	2010	2011	2012
County Population ¹	954,592	963,090	971,587	980,382	989,177
Total Employment ¹	506,082	508,109	510,136	516,508	522,880
Processible Waste (tons)	1,279,495	1,173,956	1,146,838	1,197,896	1,141,416
Nonprocessible Waste (tons)	80,481	56,819	57,812	38,425	35,085
Total County Generated Waste (tons) ²	1,359,976	1,230,775	1,204,650	1,236,321	1,176,501

1. Source: Maryland National Capital Park and Planning Commission
2. Does not include C & D export

Source (except as otherwise noted): Montgomery County, Maryland

Table 2

Projected Waste Generation

	2013	2014	2015	2016	2017	2018
County Population	997,973	1,006,768	1,015,563	1,025,533	1,035,502	1,045,472
Total Employment	529,251	535,251	541,995	550,669	559,342	568,016
Processible Waste (tons)	1,187,282	1,198,981	1,210,681	1,225,516	1,240,352	1,255,187
Nonprocessible Waste (tons)	40,000	40,000	40,000	40,000	40,000	40,000
Total County Generated Waste (tons)	1,227,282	1,238,981	1,250,681	1,265,516	1,280,352	1,295,187

Source: Montgomery County, Maryland

Table 3 presents historic disposition of County Generated Waste for Fiscal Years 2008 through 2012, and Table 4 presents the County's projections for Fiscal Years 2013 through 2018:

Table 3

Historical Waste Disposal Methods for County Generated Waste (in tons)

	2008	2009	2010	2011	2012
County System					
Refuse Sent to Resource Recovery Facility	579,660	540,407	535,980	565,439	540,644
Yard Waste at County System Facilities	74,040	67,928	72,349	65,393	71,531
Other Recyclables at County System Facilities ¹	138,037	130,474	148,561	154,342	120,015
Nonprocessible Waste at County Facilities	80,481	56,819	57,812	38,425	35,085
Total Solid Waste Processed by County System	872,218	795,628	814,702	823,599	767,275
Non-County System					
Back-yard composting ²	80,617	62,475	13,826	35,562	0
Recyclables at Non-County System Facilities	246,585	221,631	224,973	228,864	250,889
Exported Refuse	160,556	151,041	151,149	148,296	158,337
Total Solid Waste Disposed by Non-County System Facilities	487,758	435,147	389,948	412,722	409,226
Total County Generated Waste	1,359,976	1,230,775	1,204,650	1,236,321	1,176,501

1. Does not include metals recovered from residue
2. Change in recycling calculation method for Fiscal Year 2012

Disposition of Waste Delivered to Resource Recovery Facility (in tons)

	2008	2009	2010	2011	2012
Waste Reduction through	381,997	367,522	370,811	385,235	369,737
Metals Recovered from Residue	14,222	12,862	11,653	12,575	13,463
Ash Recycled	0	0	0	135,678	157,444
Ash Landfilled	183,441	160,023	153,516	31,951	0
Total Refuse Combusted at Resource Recovery Facility	579,660	540,407	535,980	565,439	540,644

Source: Montgomery County, Maryland

Table 4**Projected Disposal Methods for County Generated Waste (in tons)**

	Waste Disposal by Type of Facility					
	2013	2014	2015	2016	2017	2018
County System						
Refuse Sent to Resource Recovery Facility	570,000	550,000	561,000	572,220	583,664	595,338
Yard Waste at County System Facilities	73,167	73,677	74,200	74,709	75,230	75,544
Other Recyclables at County System Facilities ¹	115,941	118,651	120,849	121,847	122,556	123,706
Nonprocessible Waste at County System Facilities	40,000	40,000	40,000	40,000	40,000	40,000
Total Solid Waste Disposed by County System	799,108	782,328	796,049	808,776	821,450	834,588
Non-County System						
Back-yard Composting ²	0	0	0	0	0	0
Recyclables at Non-County System Facilities	262,709	275,995	286,170	295,077	304,545	313,791
Exported Refuse	165,465	180,658	168,462	161,663	154,357	146,808
Total Solid Waste Processed by Non-County System	428,174	456,653	454,632	456,740	458,902	460,599
Total County Generated Waste	1,227,282	1,238,981	1,250,681	1,265,516	1,280,352	1,295,187

1. Does not include metals recovered from residue
2. Change in recycling calculation method

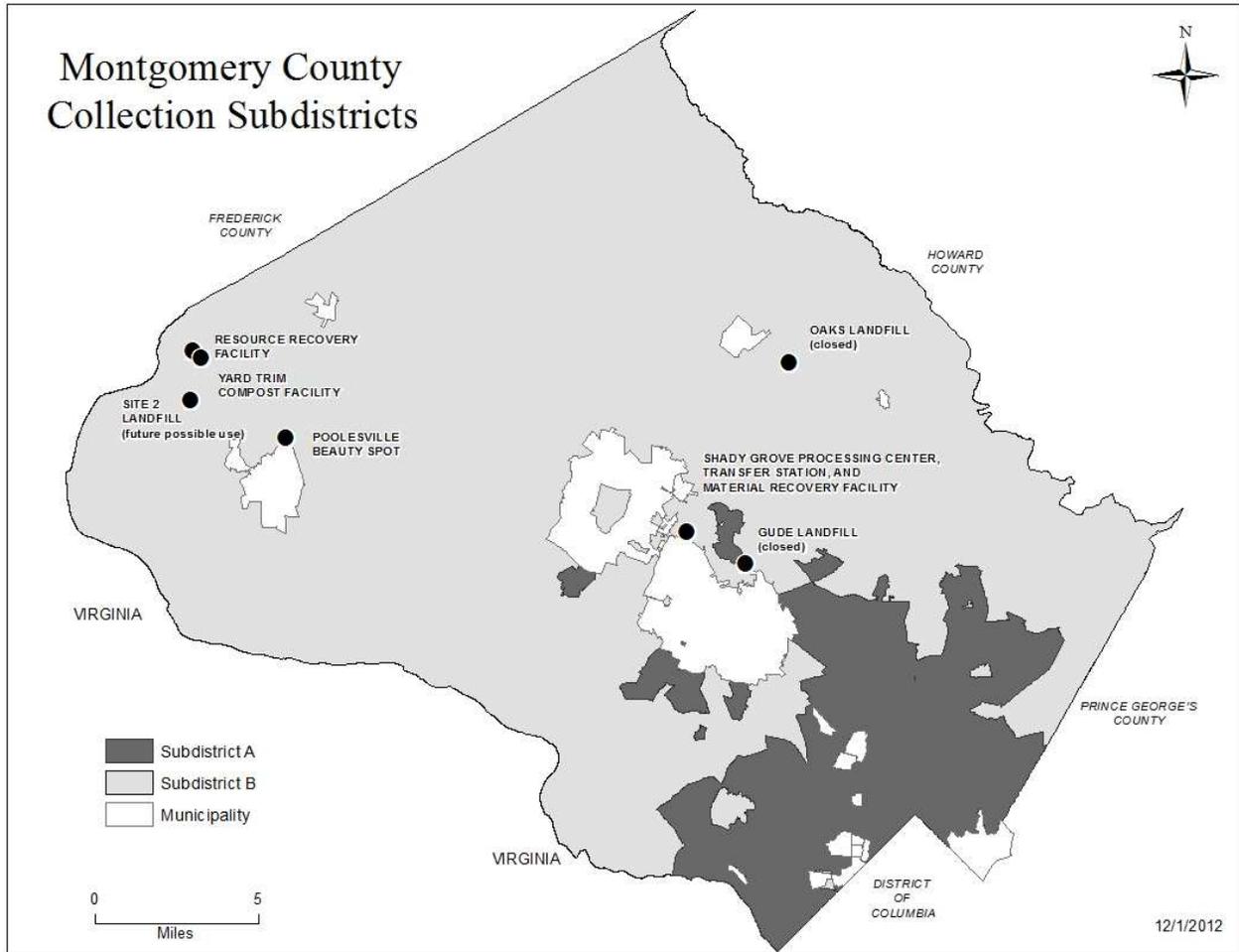
Disposition of Waste Delivered to Resource Recovery Facility

	2013	2014	2015	2016	2017	2018
Waste Reduction through Combustion	392,103	378,840	386,416	394,145	402,027	410,069
Metals Recovered from Residue	11,172	10,285	10,491	10,701	10,915	11,133
Ash Recycled	166,725	160,875	164,093	167,374	170,722	174,136
Ash Landfilled	0	0	0	0	0	0
Total Refuse Combusted at Resource Recovery Facility	570,000	550,000	561,000	572,220	583,664	595,338

Source: Montgomery County, Maryland

Collection of Refuse

The service area of the County System is divided into subdistricts which relate to the provision of collection services to single family households (units of six or fewer). Sub-District A is made up of unincorporated areas in the more densely developed southern portion of the County proximate to Washington, D.C. Sub-District B is made up of the balance of the unincorporated areas of the County and the 19 incorporated cities, towns and villages in the County. For Fiscal Year 2013, it is estimated that Sub-District A includes approximately 91,407 single family households and households in multi-family residences comprised of six or fewer units, and Sub-District B includes approximately 120,895 such households. These subdistricts, together with County Disposal System Components, are shown on the following map.



Refuse collection practices vary in different portions of the County and for different categories of waste generators. In Sub-District A, Refuse from single-family residences and multi-family residences with six or fewer units is collected by licensed collectors under contract to the County. Certain incorporated municipalities, including Rockville, Maryland, and Gaithersburg, Maryland, provide collection services using their own vehicles and personnel, or by direct municipal contract with licensed haulers. All other Refuse in the County is collected by licensed independent contractors in accordance with private subscriptions.

Table 5 reviews the historical Refuse collected and disposed in Fiscal Years 2008 through 2012.

Table 5

Historical Refuse Collection (in tons)

	2008	2009	2010	2011	2012
Solid Waste Subject to Tipping Fee	413,861	351,672	344,067	366,336	346,981
Refuse Not Subject to Tipping Fee ¹	246,280	245,554	249,725	237,528	228,748
Total solid waste delivered ²	660,141	597,226	593,792	603,864	575,729
Tipping Fee	\$56.00	\$56.00	\$56.00	\$56.00	\$56.00

1. Includes residential Refuse collected by the County in Sub-District A and residential Refuse collected in Sub-District B and delivered to the Transfer Station with no Tipping Fee but are prepaid on the tax bill. Also includes Refuse delivered by County agencies.
2. Corresponds to Refuse delivered to Resource Recovery Facility plus Nonprocessable Waste at County facilities in Table 3.

Source: Montgomery County, Maryland

Waste Flow Management

Haulers that deliver Refuse to the Transfer Station that is not covered by Systems Benefit Charges are generally charged a Tipping Fee. The County uses the Tipping Fee as one of the means by which it manages waste flow. The County manages waste flow by:

- Requiring haulers under contract with the County to deliver residential Refuse from Sub-District A to the Transfer Station;
- Causing County facilities to deliver their Refuse to the Transfer Station;
- Not charging a Tipping Fee to haulers of residential Refuse from Sub-District B because the fees are prepaid on the tax bill; and
- Setting and resetting the Tipping Fee at levels that are based on the rates of competitive facilities outside the County.

The County monitors tipping fees at competitive disposal facilities outside the County, as well as the amount of Refuse generated in the County that is delivered to those facilities. Haulers' licenses require haulers to periodically report to the County the quantity of such Refuse they collected and where the hauler disposed of it. The County uses this information and other information to determine how much Refuse is generated in the County and how much is being delivered to competing facilities. The County then sets the Tipping Fees either to encourage haulers to deliver such Refuse to the Transfer Station or to discourage haulers from delivering Refuse to the Transfer Station.

During this five year period, the quantity of Refuse delivered to the Transfer Station was less than the guaranteed throughput capacity of the Resource Recovery Facility, and, to encourage delivery, the County maintains a very competitive Tipping Fee at a rate of \$56 per ton. The amount of Refuse delivered to the Transfer Station averaged about 606,000 tons from Fiscal Year 2008 to Fiscal Year 2012. The County will monitor waste flow and other economic trends in the region to determine if the Tipping Fee should be adjusted. The County believes that in future years enough Refuse will continue to be delivered to run the Resource Recovery Facility at or near the throughput capacity that is guaranteed under the Service Agreement.

County Disposal System Revenues

Fees and Charges

Chapter 48 authorizes the County to recover the entire revenues needed for the County Disposal System through Systems Benefit Charges and also allows the County to charge various fees, including the Tipping Fee, for solid waste at the time the solid waste enters the County Disposal System. The principal disposal fees and charges imposed and collected by the County are residential and non-residential Systems Benefit Charges, and Tipping Fees. The County also collects fees for accepting various categories of Recyclables delivered to facilities in the County Disposal System. The Master

Authorization requires that the County deposit all such fees and charges into the Solid Waste Disposal Fund. Systems Benefit Charges are a fee for service, and although not a tax, are included on property tax bills and, if not paid when due, may be enforced through foreclosure in the same manner as if the owner had failed to pay property taxes. The County may also bring suit against the property owner for any unpaid residential Systems Benefit Charges.

Annual Rate Setting Process

The owner of each single-family household (including each unit in a multi-family residence comprised of six or fewer units) in the unincorporated portions of the County is charged a solid waste disposal fee. The haulers of Refuse generated by these households are not charged a Tipping Fee and the solid waste disposal fee for such Refuse is charged on the tax bill and serves as a pre-paid tipping fee. Solid waste disposal fees for a given Fiscal Year are calculated based on the average tons per household of Refuse projected to be disposed by such households in such Fiscal Year, multiplied by the Tipping Fee. The solid waste disposal fee is a Systems Benefit Charge applicable only to single-family households in unincorporated areas of the County.

In order to calculate Systems Benefit Charges and other rates sufficient to comply with the Rate Covenant and Chapter 48, the County has developed a rate-setting methodology to ensure that the Systems Benefit Charges are calculated to reflect as closely as possible the actual costs, or allocated portion of the costs, to the County of providing base and incremental solid waste management services. The methodology allocates the costs of the entire County Disposal System as fairly as practicable over different categories of system beneficiaries in accordance with the availability the components of the County Disposal System and various special services to which they are entitled. Base solid waste management services are those that benefit all generators of solid waste and all persons who collect, store, transport, or otherwise handle solid waste. This base system cost is comprised principally of budgetary operating costs (but excluding the net costs of incremental services described below) plus capital expenditures, contingencies and landfill post-closure care liability not covered by landfill reserves (e.g., inflation), less revenues from sale of recovered materials, investment earnings and miscellaneous revenues. The base system costs are then allocated to single-family households, multi-family households and non-residential properties in proportion to each sector's waste generation. Base Systems Benefit Charges are calculated such that, together with revenue from Tipping Fees and disposal fees, base system costs are satisfied.

In addition to base solid waste management services, the County provides various incremental solid waste management services only to certain classes of rate-payers. The net costs of incremental services are allocated to those sectors via the incremental component of the Systems Benefit Charge. Incremental Systems Benefit Charges for non-municipal single-family households cover the costs of Recyclables collection and processing at the Materials Recovery Facility and Yard Waste composting facility, education, and other sector-specific services. To date, incremental services provided by the County to multi-family and non-residential properties have included specialized recycling education and outreach, hazardous waste acceptance, and an allocated share of the net operating costs of County recycling facilities, but no recycling collection services have yet been provided by the County to those sectors. Finally, the calculation of the incremental Systems Benefit Charge for each rate-paying sector may also include a sector-specific rate stabilization component to smooth the temporal effects of sudden changes in sector-specific County Disposal System costs. Municipal single-family residences have not received County incremental services and thus have paid only the base single-family Systems Benefit Charge.

Systems Benefit Charges, Tipping Fees and acceptance fees at other facilities are set annually by the County Council. Chapter 48 authorizes the County Council to adjust rates more frequently. Due to the nature of the property tax bill collection method, mid-year adjustments to fees and charges collected via property tax bills would be cumbersome to implement until the following year's tax bills were prepared. However, the Tipping Fee may be adjusted within 90 days of the County Council's decision to do so.

Historically, Systems Benefit Charge rates have been lower than were originally projected when the County implemented its current rate structure in 1994.

Residential Fees and Charges. Set forth in Table 6 below is an allocation of the Systems Benefit Charges for single-family households and multi-family households (buildings with more than six residential units) in the unincorporated area of the County, and single family households in incorporated municipalities for the Fiscal Years 2008 through 2012.

Non-Residential Systems Benefit Charges. Chapter 48 authorizes the County to assess non-residential Systems Benefit Charges in a variety of ways. Currently, the County establishes non-residential Systems Benefit Charges which vary from property to property according to the average waste generation rate for different nonresidential land use categories, and the property's improved gross floor area (measured by 2,000 square foot units). Currently, there are five categories of non-residential generators based on average waste generation per 2,000 square foot unit. Non-residential solid waste generators in specific land uses are categorized into a generator category based on waste generation studies. The non-residential Systems Benefit Charge for a generator is then multiplied by the number of 2,000 square foot units attributable to that generator.

In order to assure an equitable charge structure, the County periodically conducts local studies of waste

generation from up to 87 land use classifications. The study is required to assign certain waste generation estimates to particular land use code groups of similar use. The land use code is then used to identify the actual use of the property and then rates are adjusted accordingly.

Non-residential Systems Benefit Charges are collected by the County in the manner in which real property taxes are collected. If a non-residential Systems Benefit Charge or any portion of it is not paid when due, the property for which the charge has been made may be sold at tax sale in the same manner as real property is sold for nonpayment of real property taxes. The average non-residential Systems Benefit Charge is calculated as the total non-residential Systems Benefit Charge divided by the total gross floor area units charged as a Systems Benefit Charge. Table 6 displays the County's historical Solid Waste Disposal Fee, and Base and Incremental Systems Benefit Charges for single-family dwelling units and the Base and Incremental Systems Benefit Charges for multifamily dwelling units for Fiscal Years 2008 through 2012. Table 6 also displays the average non-residential Systems Benefit Charge per 2,000 square feet for Fiscal Years 2008 through 2012.

Table 6
Annual Per-Household Rates of Residential
Systems Benefit Charge

	2008	2009	2010	2011	2012
Single Family¹					
(\$ per Dwelling Unit)					
Solid Waste Disposal Fee	\$53.65	\$52.39	\$55.04	\$52.04	\$48.71
Base Systems Benefit Charge	\$29.50	\$30.25	\$24.45	\$41.43	\$51.75
Incremental Systems Benefit Charge	\$115.27	\$120.08	\$130.36	\$116.38	\$113.30
Total Single-Family	\$198.42	\$202.72	\$209.85	\$209.85	\$213.76
Multi-Family²					
(\$ per Dwelling Unit)					
Base Systems Benefit Charge	\$1.83	\$2.17	\$3.92	\$6.90	\$13.82
Incremental Systems Benefit Charge	\$14.58	\$14.24	\$12.50	\$9.52	\$2.91
Total Multi-Family	\$16.41	\$16.41	\$16.42	\$16.42	\$16.73
Incorporated Municipality Base System Benefit Charges (\$ per Dwelling Unit)	\$29.50	\$30.25	\$24.45	\$41.43	\$51.75
Non-Residential Charges (average \$ per 2000 square feet)	\$172.81	\$183.54	\$202.02	\$205.68	\$214.08

1. Residences in multi-family buildings with six or fewer units
2. Buildings with seven or more units

Source: Montgomery County, Maryland

Set forth below in Table 7 are the County's projected Systems Benefit Charges for single-family and multifamily dwelling units for Fiscal Years 2013 through 2018. Table 7 also sets forth the average non-residential Systems Benefit Charges per 2,000 square feet for Fiscal Years 2013 through 2018.

Table 7

	Projected Systems Benefit Charge					
	2013	2014	2015	2016	2017	2018
Single-Family Charges (\$ per Dwelling) Unit	\$213.76	\$221.03	\$228.97	\$223.63	\$196.48	\$164.76
Multi-Family Charges (\$ per Dwelling Unit)	\$16.73	\$17.29	\$18.16	\$18.03	\$18.02	\$18.01
Non-Residential Charges (average \$ per 2000 square feet)	\$220.90	\$243.27	\$266.90	\$262.05	\$168.71	\$96.59

Source: Montgomery County, Maryland

Tipping Fees

The County generally charges the Tipping Fee for Refuse delivered to the Transfer Station for disposal. Tipping Fees are charged based on actual weight of Refuse deliveries to the Transfer Station. Since Fiscal Year 2008, the County has maintained the Tipping Fee at \$56 per ton based on its review of market rates. See Table 5 "Historical Refuse Collection." The County does not charge a Tipping Fee for loads weighing less than 500 pounds.

The County also receives per-ton tipping fees for Yard Waste received from other than its contract collectors. Currently, the tipping fee for Yard Waste is \$46 per ton, the tipping fee for residential mixed paper and commingled recyclables is zero.

The County does not charge Tipping Fees for Refuse disposed by single-family residences that are charged solid waste disposal fees (prepaid on the tax bill), as discussed above. The County has an inspection program to verify that haulers serving these residences do not commingle waste subject to Tipping Fees with waste for which a Systems Benefit Charge has been paid. The program is enforceable with an escalating series of sanctions (including monetary penalties and loss of license) enforced through contract provisions and collection licensure requirements. The County believes that little or no multi-family, non-residential or unincorporated municipality waste is being accepted without paying Tipping Fees, other than loads weighing less than 500 pounds.

Other Revenue Sources and Credits

The County Disposal System receives revenue from the sale of electricity generated from methane collected from closed landfills. Also, during Fiscal Year 2012, the County collected about \$3.9 million in material sales revenue from its Materials Recovery Facility, plus \$1.6 million in other recycled metal sales revenue. In addition, the County's obligations to make payments to contractors under various operating agreements are reduced by a portion of the contractors' revenue from the sale of electricity and ferrous metals from the Resource Recovery Facility and compost produced at the Composting Facility.

Management Discussion of Financial Operations

The Solid Waste Disposal Fund is managed as an enterprise fund of the County. The County's fiscal year is July 1 through June 30. The Solid Waste Disposal Fund's financial management is governed by the terms of the various laws and agreements the County has adopted and executed, including Chapter 48, the Master Authorization and the Waste Disposal Agreement. In addition, as an enterprise fund of the County, the Solid Waste Disposal Fund's annual budgeting and rate-making process is included in the County's annual budget process.

Set forth in Table 8 below is selected revenue and expense information for the Solid Waste Disposal Fund for Fiscal Years 2008 through 2012, and set forth in Table 9 below are projections for the same revenue and expense information for Fiscal Years 2013 through 2018.

Table 8

**Solid Waste Disposal Fund
Historical Revenues and Expenses — Budgetary Basis¹**

Revenues	2008	2009	2010	2011	2012
Tipping Fees	\$17,168,965	\$15,144,535	\$15,051,157	\$15,494,742	\$15,124,985
Systems Benefit Charge	\$57,966,855	\$59,861,053	\$62,896,415	\$63,969,495	\$65,992,281
Miscellaneous	\$12,562,611	\$9,241,413	\$8,965,734	\$10,472,774	\$10,823,089
Investment Income	\$3,981,785	\$1,584,133	\$382,054	\$98,854	\$23,517
Subtotal Revenues	\$91,680,216	\$85,831,134	\$87,295,360	\$90,035,865	\$91,963,872
Interfund Transfers					
Charge to General Fund for County Agency Waste	\$1,835,230	\$1,675,670	\$1,992,800	\$1,992,800	\$2,081,490
Transfer from Leaf Vacuum Fund	\$762,271	\$966,540	\$ 758,780	\$1,012,650	\$837,140
Other Post-Employment Benefits-OPEB	\$411,000	\$305,880			
Indirect Costs Paid to General Fund	(\$1,246,560)	(\$1,521,390)	(\$1,664,380)	\$ (1,515,250)	(\$1,520,690)
Subtotal Interfund Transfers	\$1,761,941	\$1,426,700	\$1,087,200	\$1,490,200	\$1,397,940
Expenditures					
Personnel Costs	(\$8,351,845)	(\$8,845,092)	(\$8,725,514)	(\$8,811,818)	(\$8,551,347)
Operating Expenses	(\$79,792,804)	(\$79,432,437)	(\$81,195,285)	(\$87,019,722)	(\$82,551,531)
Capital Outlay	(\$1,659,543)	(\$1,699,440)	(\$623,708)	(\$1,159,006)	(\$568,819)
Subtotal Expenditures	(\$89,804,192)	(\$89,976,969)	(\$90,544,507)	(\$96,990,546)	(\$91,671,697)
Other Fixed Assets Acquisition	(\$4,007,875)	(\$10,142,534)	(\$3,674,505)		
Landfill Costs²	\$359,000	(\$963,000)	\$832,000	\$1,250,777	\$630,441
Net Change	(\$10,910)	(\$13,824,669)	(\$5,004,452)	(\$4,213,704)	\$2,320,556

1. Revenues and expenditures reported on budgetary basis of accounting.
2. Represents the payout of closure costs, less current year accrued closure costs.

Source: Montgomery County, Maryland

Table 9

**Solid Waste Disposal Fund
Proposed and Projected Revenues and Expenses — Budgetary Basis**

Revenues	2013¹	2014	2015	2016	2017	2018
Tipping Fees	\$16,278,728	\$18,162,442	\$18,996,611	\$19,849,426	\$20,730,725	\$21,436,468
Systems Benefit Charge	\$67,158,422	\$71,182,640	\$75,654,237	\$74,022,468	\$59,482,403	\$45,983,509
Miscellaneous	\$11,134,213	\$11,452,170	\$11,595,438	\$11,766,608	\$11,940,017	\$12,107,843
Investment Income	\$103,394	\$133,394	\$213,394	\$303,394	\$393,394	\$493,394
Subtotal Revenues	\$94,674,757	\$100,930,646	\$106,459,680	\$105,941,896	\$92,546,539	\$80,021,214
Interfund Transfers						
Charge to General Fund for County Agency Waste	\$1,431,670	\$1,474,620	\$1,518,850	\$1,564,420	\$1,611,350	\$1,659,690
Transfers In From Leaf Vacuuming Fund (new in FY 2004)	\$892,412	\$1,159,649	\$1,365,111	\$1,121,745	\$1,381,253	\$1,270,345
Indirect Costs Paid to General Fund	(\$1,382,970)	(\$1,440,080)	(\$1,499,650)	(\$1,561,790)	(\$1,626,630)	(\$1,694,280)
Subtotal Interfund Transfers	\$941,112	\$1,194,189	\$1,384,311	\$1,124,375	\$1,365,973	\$1,235,755
Expenditures						
Personnel Costs	(\$9,179,743)	(\$9,592,832)	(\$10,024,509)	(\$10,475,612)	(\$10,947,014)	(\$11,439,630)
Operating Expenses	(\$92,459,759)	(\$91,583,095)	(\$97,340,565)	(\$96,528,890)	(\$75,234,970)	(\$76,282,663)
Capital Outlay	(\$628,500)	(\$1,573,831)	(\$2,501,295)	(\$1,259,730)	(\$3,847,093)	(\$1,810,653)
Subtotal Expenditures	(\$102,268,002)	(\$102,749,758)	(\$109,866,369)	(\$108,264,232)	(\$90,029,077)	(\$89,532,946)
Other Fixed Assets Acquisition						
Landfill Costs²	\$1,311,776	\$1,492,328	\$1,527,470	\$1,567,125	\$1,607,837	\$1,649,636
Net Change	(\$5,340,357)	\$867,405	(\$494,908)	\$369,164	\$5,491,272	(\$6,626,341)

1. Proposed budget based on Tipping Fees and Systems Benefit Charges in effect for 2013.
2. Represents the payout of closure costs, less current year accrued closure costs.

Source: Montgomery County, Maryland

Set forth in Table 10 is information on the Solid Waste Disposal Fund's cash position for Fiscal Years 2008 through 2012. Reserves as of June 30, 2012 include \$33,803,898 of restricted cash and investments and \$24,175,041 of unrestricted cash and investments. The County has created certain management reserves for various future needs of the County Disposal System, and has allocated the restricted cash to these purposes. Unrestricted cash and investments include the full amount necessary to pay for projected future post-closure care related to costs at the County's closed landfills, in addition to other undesignated amounts. The County may from time to time adjust or eliminate management reserves.

Table 10

**Solid Waste Disposal Fund
Ending Cash and Investments**

	2008	2009	2010	2011	2012
Unrestricted equity in pooled cash and investments	\$36,076,986	\$30,765,025	\$19,650,693	\$18,877,625	\$24,175,041
Restricted equity in pooled cash and investments	\$30,061,764	\$28,664,452	\$30,636,090	\$29,941,835	\$30,015,766
Restricted Investments	\$3,715,126	\$4,064,057	\$4,299,223	\$4,382,960	\$3,788,132
Subtotal equity in pooled cash and investments	\$69,853,876	\$63,493,534	\$54,586,006	\$53,202,420	\$57,978,939

Source: Montgomery County, Maryland

THE AUTHORITY

The Northeast Maryland Waste Disposal Authority is a body politic and corporate and a public instrumentality of the State of Maryland. The Authority was organized under the Act in 1980 by resolutions of the City of Baltimore and the counties of Baltimore, Anne Arundel and Harford. The counties of Montgomery, Carroll, Howard and Frederick subsequently joined the Authority as the fifth, sixth, seventh and eighth member jurisdictions.

The Authority was established to assist the political subdivisions in the Northeast Maryland region, other public entities and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. The Authority also helps to provide facilities that generate steam, electricity or other forms of energy that are derived from or otherwise related to waste disposal.

Under the Act, the Authority is empowered to issue revenue bonds for the construction, acquisition or refinancing of facilities and properties useful in connection with waste disposal facilities, pollution control facilities and facilities for generating and furnishing electric energy or gas or other forms of energy, including land, structures, equipment, patents, licenses and other rights necessary or useful in the construction or operation of such facilities.

The Authority consists of one member from each of the eight political subdivisions which are currently participants in the Authority and the Director of the Maryland Environmental Service, *ex officio*. The members are appointed by the Governor of the State of Maryland to serve four year terms. Appointments are based on recommendations from the chief executives of the participating subdivisions. Members continue in office until their successors have been appointed and qualified and are eligible for reappointment.

The present members of the Authority are:

Name and Office

Alfred H. Foxx

Daniel E. Locke

Timothy F. Whittie

Ronald E. Bowen

James M. Irvin

Edward C. Adams, Jr.

Thomas J. Rio

Michael G. Marschner

James M. Harkins

Principal Occupation

Director, Department of Public Works for the City of Baltimore

Chief, Division of Solid Waste Services, Montgomery County
Department of Public Works and Transportation

Director, Department of Public Works for Harford County

Director, Department of Public Works for Anne Arundel County

Director, Department of Public Works for Howard County

Director, Department of Public Works for Baltimore County

Director, Department of Public Works for Carroll County

Special Projects Manager, Frederick County Government

Maryland Environmental Service (*ex officio*)

The Authority employs a full-time Executive Director, who serves at the pleasure of the Authority and whose appointment is subject to the approval of the Governor. The Executive Director is the chief administrative officer of the Authority and is responsible for appointing a staff as determined by the Authority to be necessary to carry out its duties. The Authority currently employs a full-time staff of nine persons and two part time persons: The Executive Director, a Deputy Director, two project managers, one project analyst, one director of finance and administration, one full time staff accountant, one part-time staff accountant, one part-time contractual person with a background in contract and procurement law, one administrative assistant/network manager and one receptionist/administrative assistant.

The Executive Director is Christopher W. Skaggs, who was appointed by the Authority effective November 1, 2011. Mr. Skaggs joined the Authority in 1988. Until 2006, he worked as a project assistant and a project manager for the Authority on a variety of Authority projects, including the Project. In July 2006, he was appointed Deputy Director. Mr. Skaggs holds a Bachelor of Science Degree in Mechanical Engineering from the Virginia Polytechnic Institute and State University.

Other Projects of the Authority

The Authority has developed and financed three waste-to-energy facilities and a sewage sludge composting facility and has approximately \$117.5 million in bonds outstanding. The Authority has issued several series of bonds and notes in addition to the Bonds. The bonds and notes issued by the Authority are limited obligations of the Authority issued in connection with the projects financed or refinanced, and do not constitute general obligations of the Authority to the payment of which the full faith and credit of the Authority is pledged.

In 1983, the Authority issued \$190,760,000 of its long-term revenue bonds and \$45,000,000 of its short-term revenue notes (no longer outstanding) to finance a 2,250 ton-per-day, mass-burn, Southwest Resource Recovery Facility located in Baltimore and designed to serve the City of Baltimore and Baltimore County. This facility was constructed and is operated by Baltimore Refuse to Energy Systems Company, Limited Partnership, a Maryland limited partnership, the partners of which are wholly owned subsidiaries of Waste Management, Inc. In September, 1984, this facility began start-up operations and it passed performance tests in January, 1985. Commercial operations began in May 1985. In January 1993, the Authority issued its \$154,290,000 Resource Recovery Revenue Refunding Bonds (Southwest Resource Recovery Facility), Series 1993 for the purpose of providing funds which were applied to the refunding of the 1983 Bonds. In December 1998, the Authority issued its \$41,060,000 Resource Recovery Revenue Bonds (Baltimore Resco Retrofit Project) Series 1998 for the purpose of providing funds which were applied to the acquisition and construction of air pollution control facilities.

In December 1985, the Authority sold \$17,350,000 of its variable/fixed rate revenue bonds to finance a 55,000 ton-per-year sludge composting facility located in the City of Baltimore, which is owned and operated by Veolia Water North America, a company organized under the laws of France. The facility processes sewage sludge generated by a waste treatment facility of the City of Baltimore and Baltimore County into compost that can be used as a soil conditioner and fertilizer. Construction of the facility began in January 1986 and it was completed in December 1987. Commercial operations began in March 1988. These Bonds were paid off in March 2008. The Authority has a contract to continue bringing sludge to the facility until June 2013.

In 1985, the Authority issued \$23,730,000 of its variable/fixed rate revenue bonds at a variable rate of interest to finance a 360 ton-per-day solid waste disposal facility located in Harford County, Maryland. In 1986, the Authority converted all of these bonds to fixed rates of interest. These Bonds were paid off in January 2008. This facility uses a modular-type, mass-burning, waste incineration process and was designed and manufactured by Consumat Systems, Inc., a Virginia corporation. The facility is operated by Energy Recovery Operations, Inc. and was privately owned until July 2002. Steam from the facility is sold to the United States Army for use in its base heating system at the Aberdeen Proving Ground. It passed acceptance tests and began commercial operations in 1988. In July 2002, the Authority issued its \$11,055,000 Taxable Resource Recovery Revenue Bonds for the purpose of purchasing the facility. In July 2004, the Authority issued \$11,385,000 Tax-Exempt Resource Recovery Revenue bonds to finance the Federally required air pollution control retrofit of the Harford Facility. The 2002 and the 2004 Bonds will mature on March 15, 2014.

The Montgomery County Resource Recovery Facility is financially, contractually and operationally independent from all such other projects of the Authority. The Series 2003 Bonds are limited obligations of the Authority and are not secured by a pledge of assets or revenues of any other Authority project. The assets or revenues pledged to the payment of the Bonds under the Indenture are not pledged to the payment of any other obligations of the Authority. See "Security and Sources of Payment "Limited Obligation."

Corporate Existence of the Authority

The Act states that the Authority and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Authority shall have bonds or other evidences of indebtedness outstanding unless adequate provision has been made for the payment thereof. Upon making adequate provision for the payment of all outstanding bonds or other evidences of indebtedness of the Authority, the Authority may merge into the Maryland Environmental Service, with the consent of the Maryland Environmental Service and the approval of the Governor, by filing a statement of merger with certain designated State agencies. Upon termination of the existence of the Authority, all its rights and properties shall pass to and

be vested in the State for distribution as provided for in contracts between the Authority and the participating subdivisions and in the statement of merger, if any.

OPERATION OF AUTHORITY FACILITIES

The Service Agreement

General

The Company constructed the Resource Recovery Facility and currently operates the Project under the terms of the Service Agreement. As a result of negotiations with the Company, the initial term of the Service Agreement has been extended and now ends on April 1, 2021. The Service Agreement can be terminated at an earlier date for default or for the convenience of the Authority. If the Authority terminates the Service Agreement for convenience and intends to continue operation of the Project, the Authority must pay to the Company costs incurred by the Company as a result of the early termination plus an amount equal to (i) \$3,000,000 if the termination occurs in Fiscal Year 2013, (ii) \$2,000,000 if the termination occurs in Fiscal Year 2014, and (iii) \$1,000,000 if the termination occurs between July 1, 2014 and the end of the initial term, in each case, adjusted for inflation. If the Authority terminates the Service Agreement for convenience and intends to abandon operations, it must pay to the Company 115 percent of the costs incurred by the Company as a result of the early termination. The Authority's obligations under the Service Agreement are limited obligations, payable only from Project Revenues to the extent permitted by the Bond Documents and applicable law.

Company's Obligations

The Service Agreement requires the Company to operate and maintain the Project. The Company must cause the Project to meet performance standards relating to, among other things, throughput capacity, electricity production, the quality and quantity of ash, compliance with environmental laws and the transfer of waste from the Transfer Station to the Resource Recovery Facility. If the Project does not meet these standards, the service fee payable to the Company is generally reduced. Failure to meet certain minimum performance standards over the period of a year is a default under the Service Agreement. If the Company fails to cause the Project to meet those standards, or fails to perform any obligation, as a result of an uncontrollable circumstance, including a change in law, the Company will be excused from performance.

During Fiscal Year 2012, the Company processed all delivered tonnage as part of their processing guarantee, while continuing to meet all of its other performance guarantees. The Company also continues to be in material compliance with the permits for the Project.

The obligations of the Company relating to the acceptance and disposal of waste and operation of the Transfer Station generally mirror those of the Authority under the Waste Disposal Agreement. In addition, the Company must perform substantially all of the Authority's obligations under the other Primary Project Agreements (other than the Authority's obligations under the Service Agreement).

The Service Agreement permits the Authority to transfer the operation of the Transfer Station from the Company to another operator, in which case, the Authority will issue a change order under the Service Agreement to account for the resulting reduction in its scope.

Service Fee

The Authority pays the Company a service fee that consists of the following components:

- a fixed operating charge, subject to adjustments for inflation; plus
- expenses that the Service Agreement permits the Company to pass through to the Authority; plus
- the Company's share of electricity revenues received by the Authority varies at certain thresholds but, generally stated, it is approximately eight percent of revenues attributable to processing 558,450 tons per year, which is the annual capacity guaranteed by the Company, and forty percent of revenues attributable to processing more than that amount; minus
- liquidated damages for the Company's shortfall in performance, if any.

The service fee is subject to adjustment as a result of, among other things, uncontrollable circumstances (including a change in law).

The Company and the Guarantor

The Company is a Maryland corporation that is a wholly owned subsidiary of Covanta Energy Corporation (the "Guarantor"). Under the Guaranty Agreement, the Guarantor guarantees the Company's performance under the Service Agreement. The Guarantor is a wholly owned, direct subsidiary of Covanta Holding Corporation, a Delaware corporation ("Covanta Holding"). The Guarantor is the indirect parent of Covanta Holding's operating subsidiaries that are engaged in the energy-from-waste businesses. Covanta Holding is subject to the informational requirements of the Securities Exchange Act of

1934 and, accordingly, must file reports and other information with the SEC. These reports and other information can be inspected and copied at the SEC's office at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 or at the SEC's regional offices. Copies can also be obtained from the SEC's website at <http://www.sec.gov>.

Martin Technology

The Resource Recovery Facility's combustion system incorporates certain technology that is owned by Martin GmbH. The Company has rights to use this technology under a Cooperation Agreement, dated as of April 30, 1983, as amended, between Martin GmbH and the Company's direct parent, Covanta Systems, LLC, formerly Ogden Martin Systems, Inc. In connection with the issuance of the Series 1993 Bonds, Martin GmbH delivered to the Authority a Covenant of Assurance, in which Martin GmbH agreed that it will make the technology and related know-how available to the Authority, to a substitute operator or a purchaser of the Resource Recovery Facility if (a) the Cooperation Agreement is terminated or (b) the Service Agreement is terminated for Company default or for the convenience of the Authority.

Qualified Substitute Operator

Under the Indenture, the Authority may not terminate the Service Agreement for Company default and continue operation of the Project unless, among other things:

- all dispute resolutions proceedings under the Service Agreement relating to the cause of termination and the amount of damages payable by the Company as a result of termination have been finally concluded in favor of the Authority; and
- the Authority has executed a long-term agreement with a Qualified Substitute Operator for the operation and maintenance of the Project.

The Indenture also limits the Authority's ability to terminate the Service Agreement for Company default and abandon the Project. See Appendix D, Summaries of Certain Provisions of the Indenture, for a more detailed description of the requirements of the Indenture relating to termination of the Service Agreement.

The Authority believes that it could obtain a Qualified Substitute Operator to operate the Resource Recovery Facility on substantially the same cost basis as the Company.

Sale of Electricity

Electricity generated by the Resource Recovery Facility is delivered via PEPCO's transmission facilities to a direct interface with the PJM transmission system. The Authority has rights to the necessary interconnections under the PEPCO Interconnection Agreement and the PJM Interconnection Services Agreement.

PJM is the country's first fully functioning regional transmission organization and operates North America's largest power grid, serving more than 51 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM currently operates a wholesale electricity market with more than 200 market buyers, sellers and traders of electricity and has administered more than \$28 billion in energy and energy service trades since the regional markets opened in 1997. PJM provides interconnection service to interconnection customers pursuant to the PJM Open Access Transmission Tariff. PJM requires its load serving members to acquire credits for electric generating capacity through PJM's capacity auctions, known as the Reliability Pricing Model (RPM). The majority of PJM's capacity procurement takes place at RPM auctions held three years in advance of each delivery year. Additionally, incremental RPM auctions are held closer to each delivery year.

The Authority is currently selling all electricity generated by the Resource Recovery Facility in the PJM day-ahead market. In addition, The Resource Recovery Facility sells (i) credits for electric generating capacity to PJM members through the RPM and (ii) renewable energy credits (RECs) to individuals and businesses through separate short-term agreements.

The Authority became a member of PJM in February of 2007 which allows it to bid directly into the PJM wholesale market. In consultation with the County and the Authority's electricity consultants, Enernoc, Inc., it was decided that to maximize revenues, the energy from the Resource Recovery Facility would be bid into the wholesale market. The Authority currently utilizes the services of the Hess Corporation to manage the energy in the PJM wholesale market under a two year contract which began in July, 2012. The Authority has the option of locking in market prices with Hess and may enter into the PJM wholesale market as the Authority sees fit.

The energy revenues received by the Authority from the Resource Recovery Facility reduce the Waste Disposal Fee that the County must pay to Authority under the Waste Disposal Agreement. Between Fiscal Year 1998 and Fiscal Year 2012 annual revenues from energy have ranged between a low of \$5,924,115 in 1998 to a high of \$26,780,603 in 2008. As of December 2012, monthly electricity revenues (including both energy and capacity) for Fiscal Year 2013 are averaging 20% lower than Fiscal Year 2012. It is anticipated that capacity previously bid into the PJM market will generate an additional \$2.5 million in revenue for the Resource Recovery Facility in Fiscal Year 2013. In addition, in Fiscal Year 2012, the Resource Recovery Facility generated \$762,416 from the sale of RECs. Past market prices and historical annual energy revenues do not serve as accurate projections of future performance.

Revenues and Expenses of the Project

Table 11 below sets forth selected revenue and expense information for the Project for the last five Fiscal Years.

Table 11

**Authority's Montgomery County Project
Selected Financial Data
2008-2012**

	2008	2009	2010	2011	2012
Revenues					
Waste Disposal Fee	\$32,955,074	\$31,575,603	\$36,104,180	\$38,904,196	\$41,405,099
Energy and Recovered Materials Revenues	\$28,501,791	\$23,679,689	\$22,469,628	\$20,401,172	\$18,622,062
Investment Income	\$2,139,332	\$2,624,704	\$1,882,162	\$2,936,066	\$1,746,763
Total Revenues	\$63,596,197	\$57,879,996	\$60,455,970	\$62,241,434	\$61,773,924
Expenses					
Operating Expenses ¹	\$32,132,651	\$31,512,599	\$31,992,239	\$33,037,277	\$34,212,222
Interest Expenses ²	\$10,120,269	\$8,271,092	\$7,669,758	\$6,890,467	\$6,036,957
Depreciation	\$9,426,023	\$9,764,195	\$9,839,426	\$9,705,721	\$9,658,647
Other ³	\$347,165	\$829,355	\$1,061,046	\$787,353	\$701,780
Total Expenses	\$52,026,108	\$50,377,241	\$50,562,469	\$50,420,818	\$50,609,606
Expenses (Deficiency) of Revenues over Expenses	\$ 11,570,089	\$ 7,502,755	\$9,893,501	\$ 11,820,616	\$ 11,164,318
Debt Service Reserve	\$20,906,524	\$19,846,507	\$20,299,194	\$19,975,787	\$19,349,339
Operating Reserve ⁴	\$5,092,105	\$5,000,031	\$5,000,251	\$5,000,249	\$0

1. Consists primarily of payments to the Company under the Service Agreement
2. Interest payments on the Series 1993A and 2003 Refunding Bonds in 2008; Interest payments on the Series 2003 Bonds in 2009-2012
3. Consists primarily of bond issuance cost amortization
4. Operating reserve was liquidated in 2012 per Change Order 115 to the Service Agreement

GOVERNMENTAL REGULATION

Environmental Regulation

Resource recovery facilities, including the Resource Recovery Facility, are regulated pursuant to federal, state and local environmental laws. Federal laws such as the Clean Air Act and Clean Water Act and their state counterparts govern discharges of pollutants from waste-to-energy facilities to air and water, and other federal, state and local laws comprehensively govern the generation, transportation, storage, treatment and disposal of solid waste. In most cases, Maryland has been authorized in relevant part to implement these federal laws and, thus, Maryland law largely operates in lieu of the federal law in these areas. These environmental regulatory laws and the regulations and permits issued thereunder also establish operational standards, including specific limitations upon emissions of certain air and water pollutants. Failure to meet these standards may subject the Authority and the Company to regulatory civil and criminal enforcement actions, and unless excused by particular circumstances, liabilities, fines or damages. Continuous or repeated unexcused failure to comply with the environmental regulatory standards of operation may result in action by the regulatory agencies and default by the Company under the Service Agreement. Various

environmental laws also may make the County, the Authority and the Company potentially liable for environmental contamination associated with the operation of the Authority Facilities or other components of the County Disposal System.

Construction of the Resource Recovery Facility was initially authorized by Prevention of Significant Deterioration air quality approval, and the Resource Recovery Facility's operation is presently governed by an air quality operating permit ("Facility Air Permit") in the form of a "Title V Permit" issued by the MDE. The operation of the County Disposal System also requires that permits be issued with respect to (i) water discharge (by the Industrial Point Source Division of the MDE), (ii) water appropriation (by the State Department of Natural Resources), (iii) non-tidal wetlands (by the United States Army Corps of Engineers and including a waste quality certification by the Standards and Certifications Division of the MDE), (iv) waste-handling activities (by the MDE), and (v) miscellaneous approvals related to stormwater management, hazardous materials management, and the like by MDE or local authorities. All permits necessary for operation of the Resource Recovery Facility and other components of the County Disposal System have been issued and are final and in full force and effect.

The ash residue produced at the Resource Recovery Facility is tested to determine whether its characteristics require it to be treated as hazardous waste under Applicable Law. In testing to date, ash residue from the Resource Recovery Facility has produced results which qualify the ash for handling as nonhazardous waste.

This summary of legislative and regulatory actions which might affect the County Disposal System and the obligations of the parties to the Primary Project Agreements does not purport to be a complete, comprehensive or definitive summary of all such actions. Waste-to-energy facilities and related activities are subject to continuing review by legislative and administrative bodies having proper jurisdiction, and similar or different proposals could be made or actions taken by such bodies which could affect the County Disposal System and the obligations of such parties. The enactment or promulgation of new legislation or regulations governing air emissions, ash residue, water discharges, or County Disposal System operations generally could affect the conditions, the effectiveness or the renewal of permits or approvals or other regulatory requirements applicable to the County Disposal System.

Utility Regulation

On November 1, 1990, the Federal Energy Regulatory Commission ("FERC") issued an order granting the Authority's application for certification of the Resource Recovery Facility as a "qualifying small power production facility" ("QF") under the Public Utility Regulatory Policies Act of 1978 and the regulations thereunder ("PURPA"). Accordingly, the Company and the Authority are exempt from regulation under the Public Utility Holding Company Act of 2005 ("PUHCA") and from certain state laws and regulations governing electric utility rates and financial and organizational regulation. If, in the future, the Resource Recovery Facility no longer qualifies as a QF but continues to sell electricity exclusively at wholesale, protection of the Company and the Authority from PUHCA regulation can be preserved by self-certifying with FERC as an "Exempt Wholesale Generator" ("EWG"), or by obtaining a determination of EWG status from FERC. Since the Authority is a public authority, it is exempt from most provisions of the Federal Power Act, including the requirement that rates for its wholesale electric sales from the Resource Recovery Facility be filed with, and accepted by, the FERC. The Authority's and the County's rates for the acceptance of solid waste for processing at the Facility are not subject to regulation under existing state or federal law.

TAX MATTERS

The following discussion is a summary of the opinion of Bond Counsel to the Authority that is to be rendered on the tax-exempt status of interest on the Series 2013 Bonds and of certain federal and state income tax considerations that may be relevant to prospective purchasers of Series 2013 Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2013 Bonds, Hogan Lovells US LLP, Bond Counsel to the Authority, will provide its opinion, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013 Bonds are held by a person who is a "substantial user" of the financed facilities or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations.

The foregoing opinion will assume compliance by the Authority and the County with certain requirements of the Code that must be met subsequent to the issuance of the Series 2013 Bonds. The Authority and the County will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2013 Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2013 Bonds.

The opinions of Bond Counsel to the Authority will also provide to the effect that, under existing law, the Series 2013 Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation of every kind by the State of Maryland and by any of its political subdivisions or municipalities.

Certain of the Series 2013 Bonds (the "Discount Bonds") are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at

maturity of any Discount Bond over the issue price of the Discount Bond. Bond Counsel have advised the Authority and the Underwriters that, under existing laws and to the extent interest on any Discount Bond is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Bond that accrues during the period such person holds the Discount Bond will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Discount Bond. Purchasers of any Discount Bond should consult their tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2013 Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability.

If a holder purchases a Series 2013 Bonds for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2013 Bond with "amortizable bond premium" equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2013 Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2013 Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2013 Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2013 Bond. Purchasers of Series 2013 Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2013 Bonds.

Other than the matters specifically referred to above, Bond Counsel to the Authority express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2013 Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2013 Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2013 Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2013 Bonds; (3) interest on the Series 2013 Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2013 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2013 Bonds.

The Internal Revenue Service (the "Service") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2013 Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2013 Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2013 Bonds could adversely affect their value and liquidity.

Bond Counsel to the Authority will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the Authority are not binding on the courts or the Service; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. For example, on September 12, 2011, the Obama Administration released a legislative proposal entitled the American Jobs Act of 2011 which, if enacted, could result in additional federal income tax being imposed on certain holders of state or local bonds, including the Series 2013 Bonds, for tax years beginning on or after January 1, 2013. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2013 Bonds, the exclusion of interest on the Series 2013 Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2013 Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

CONTINUING DISCLOSURE UNDERTAKING

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the Authority and the County will each execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Series 2013 Bonds, the respective forms of which are attached to this Official Statement as Appendix H.

Neither the Authority nor the County has failed to comply with any prior continuing disclosure undertaking made pursuant to Rule 15c2-12.

LEGAL MATTERS

The Series 2013 Bonds are offered subject to the approval of legality by Hogan Lovells US LLP, Baltimore, Maryland, Bond Counsel. See Appendix F, Proposed Form of Opinion of Bond Counsel, for the form of that opinion. Certain legal matters will be passed upon for the County by McKennon Shelton & Henn LLP, Baltimore, Maryland. Neither McKennon Shelton & Henn LLP, Baltimore, Maryland nor Hogan Lovells US LLP, Baltimore, Maryland, has participated in any independent verification of the information concerning the financial condition or capabilities of the Authority or the County contained in this Official Statement. In addition to serving as Bond Counsel, Hogan Lovells US LLP, Baltimore, Maryland represents the Authority in certain other matters. In addition to representing the County in connection with the Series 2013 Bonds, McKennon Shelton & Henn LLP, Baltimore, Maryland represents the County in certain other matters.

INDEPENDENT AUDITORS

The financial information concerning the County included in Appendix B has been audited by Clifton Gunderson, LLP, independent public accountants (for Fiscal Years 2008-2011) and BDO USA, LLP, independent public accountants (for Fiscal Year 2012), and such independent auditors were not requested to review or update their reports with respect thereto in connection with the issuance of the Series 2013 Bonds. The County did not request such independent auditors' consent to the inclusion of their reports in this Official Statement.

The financial information concerning the Authority included in Appendix C has been audited by CliftonLarsonAllen LLP, independent public accountants, and such independent auditors were not requested to review or update their report with respect thereto in connection with the issuance of the Series 2013 Bonds.

FINANCIAL ADVISOR

In connection with the issuance of the Series 2013 Bonds, Public Resources Advisory Group of New York, New York, has acted as financial advisor to the Authority and the County. Public Resources Advisory Group is not obligated to undertake, and has neither undertaken an independent verification of, nor assumed responsibility for, the accuracy of the information contained in this Official Statement. Public Resources Advisory Group is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants, a firm of independent accountants, upon delivery of the Series 2013 Bonds, will deliver to the Authority its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the computations performed by Public Resources Advisory Group of New York, New York relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, if any, to pay, when due, the principal or redemption price of, and interest due on the Series 2003 Bonds to and including April 1, 2013, which is the date on which such Series 2013 Bonds mature or are redeemed, and (b) the "yield" on the Government Obligations and on the Series 2013 Bonds.

SALE AT COMPETITIVE BIDDING

The Series 2013 Bonds were offered by the Authority at competitive bidding on February 14, 2013 in accordance with the Notice of Sale, the form of which is attached to this Official Statement as Appendix G.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Series 2013 Bonds, the purchasers will be furnished with a certificate of the Executive Director of the Authority to the effect that, to the best of his knowledge and belief, the Official Statement and any amendment or supplement thereto (except for pricing and other information with respect to the reoffering of the Series 2013 Bonds by purchasers and information regarding DTC and DTC's book-entry system, as to which no view will be expressed) does not contain, as of the date of sale and as of the date of delivery of the Series 2013 Bonds, any untrue statement of a material fact or omit any statement of a material fact, required to be stated or necessary to be stated in order to make such statements, in light of the circumstances under which they were made, not misleading.

RATINGS

Moody's Investors Service ("Moody's") and Fitch, Inc. ("Fitch") (collectively, the "Rating Agencies") have given the Series 2013 Bonds the ratings of Aa3 with Stable Outlook and AA with Stable Outlook, respectively. Such ratings reflect only the views of the Rating Agencies. Explanations of the significance of each rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and from Fitch at One State Street Plaza, New York, New York 10004. There is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by such Rating Agencies if in their judgment circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2013 Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement includes forward-looking statements. All statements in this Official Statement, other than statements of historical fact, that address activities, events or developments that may or will occur in the future, including such matters as projections, future capital expenditures, business strategy, competitive advantages and disadvantages, goals and market or industry developments, are forward-looking statements. When used in this Official Statement, the words estimates, intends, expects, believes, anticipates, plans, and similar expressions identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which 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. Neither the Authority nor the County plans to issue any updates or revisions to those forward-looking statements if or when expectations change or events, conditions or circumstances on which these statements are based occur.

ADDITIONAL INFORMATION

All summaries and explanations of provisions of laws, resolutions, contracts, agreements and other documents herein are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all of the pertinent provisions of such laws or documents. All such descriptions are qualified in their entirety by reference to such laws and documents. For further information as to the documents, reference should be made to the complete documents, copies of which are on file at the principal corporate trust office of the Trustee for examination.

Copies of the Indenture, the Waste Disposal Agreement and the Master Authorization and related documentation may be obtained from the Authority or the Trustee.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2013 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. No representation is made that any of the opinions or estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the County or the Company since the date hereof.

The execution and distribution of this Official Statement have been duly authorized by the Authority.

NORTHEAST MARYLAND WASTE DISPOSAL
AUTHORITY

By: /s/Daniel E. Locke
Daniel E. Locke
Authorized Member

APPENDIX A

SUMMARY OF CERTAIN DEFINITIONS

Each definition summary in this Appendix A that is used in a Project Agreement or the Bond Documents is qualified by the meanings given to such term in that Project Agreement or Bond Document. Unless otherwise provided in a definition summary:

- a reference to an agreement or other legal instrument include any subsequent amendment or supplements thereto; and
- a reference to a Person include that Person's permitted successors and assigns.

Act means the Northeast Maryland Waste Disposal Authority Act, being codified as Sections 3-901 through 3-929, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (2012 Replacement Volume) and all future acts supplemental thereto or amendatory thereof.

Additional Bonds means any bonds, notes or other Indebtedness of the Authority, other than the Series 2013 Bonds, issued pursuant to the provisions of the Indenture.

Additional Facilities means (i) any additions, improvements, extensions or alterations to or of the Project or the Project Sites and (ii) any other facilities in which the Authority has an ownership or possessory interest if such ownership or possessory interest is required by Applicable Law and is acquired by the Authority to perform its obligations under the Project Agreements or the Bond Documents, or to enable any other Person to perform the Authority's obligations under the Project Agreements or the Bond Documents, including (without limitation) any additional resource recovery facilities, waste disposal facilities, landfills, recycling facilities, composting facilities, transfer stations, collection equipment, rail transportation facilities, administrative facilities, treatment facilities, storage facilities and any real property, fixtures, rights-of-way, easements and other interests and all personal property and rights therein which are necessary or desirable for the performance by the Authority of its obligations under the Project Agreements and the Bond Documents. Additional Facilities do not include facilities financed with the proceeds of taxable or tax-exempt bonds (other than the Bonds or subordinated indebtedness) issued by the Authority, unless such facilities are specifically designated as "Additional Facilities" in a written notice from the Authority to the Trustee.

Alternate Disposal Facility means a sanitary landfill (including any Designated Landfill) within or without the County boundaries, solid waste acceptance, transportation and disposal facilities at which Disposable Refuse is accepted, stored or disposed of by the Authority other than the normal sites to be used for such activities pursuant to the Waste Disposal 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, start-up, testing, financing, ownership, possession or operation of the Authority Facilities or the performance of any obligations under the Project Agreements, the Bond Documents or any other agreements entered into in connection with the Project Agreements or the Bond Documents.

Authority means the Northeast Maryland Waste Disposal Authority, a body politic and public instrumentality of the State.

Authority Conduit Option is defined in the Summary of Certain Provisions of the Waste Disposal Agreement under "Termination for Convenience or at End of Term" in Appendix E, Summaries of Certain System Documents.

Authority Facilities means (i) the Project, (ii) the Project Sites and (iii) any Additional Facilities.

Authorized Denomination means \$5,000 or any integral multiple thereof.

Bankruptcy Code means Title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended from time to time, or any substitute or replacement legislation.

Bond Counsel means any attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance and whose legal opinions are generally accepted by purchasers of municipal bonds as may be designated by the Authority from time to time.

Bond Documents means, collectively, the Indenture, any Supplemental Indenture, any other Credit Facility and any other agreement executed in connection with the issuance of any Additional Bonds and designated as such in the Supplemental Indenture authorizing the issuance of such Bonds.

Bondholders or **holder** or any similar term when used with reference to the Bonds means the registered owner of a Bond.

Bonds means the Series 2013 Bonds and any other Additional Bonds.

Business Day means a day other than a Saturday, Sunday or legal holiday in the State or in the State of New York observed as such by the Authority or the Trustee.

Chapter 48 means Chapter 48 of the Montgomery County Code, and any amendments thereof and any supplements thereto.

Code means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder.

Collection and Disposal District means the collection and disposal district established pursuant to Chapter 48 in which the County is required to provide solid waste collection services, as such district may be expanded from time to time.

Company means Covanta Montgomery, Inc. (formerly, Ogden Martin Systems of Montgomery, Inc.), a Maryland corporation.

Composting Facility means the Dickerson Composting Facility located in the northwest part of the County.

Consulting Engineer means an independent engineer or engineering firm or corporation of engineers of recognized standing, having skill and experience with respect to the design, construction and operation of facilities similar to those which comprise the County Disposal System (or, as used in the Indenture, the Project), as may be designated by the County (or, as used in the Indenture, the Authority) from time to time in accordance with the Master Authorization.

County means Montgomery County, Maryland and its successors and permitted assigns.

County Bonds means any of the bonds, notes or other obligations for borrowed money of the County issued in connection with the County Disposal System pursuant to a Bond Resolution which bonds are secured, in whole or in part, by County Disposal System Revenues.

County Council means the County Council for the County.

County Disposal System means the portions of the County System relating to the disposal of solid waste.

County Executive means the County Executive of the County.

County Designated Landfill means one or more landfills or facilities which the County owns, operates or has a contractual right to use, designated and made available to the Authority by the County for disposal of Landfill Waste under the Landfill Agreement.

County Disposal System Components means the facilities which comprise the County Disposal System, including without limitation, resource recovery facilities, waste-to-energy facilities, landfills, recycling facilities, composting facilities, transfer stations, collection equipment, rail transportation facilities and equipment, facilities and equipment related to the interconnection of the County Disposal System to any purchaser of energy generated through the operation of the County Disposal System, administrative facilities, treatment facilities, storage facilities and including all real property, fixtures, rights therein, and rights-of-way, easements and other interests and all personal property and rights therein which are necessary or desirable for the efficient operation of the County Disposal System or the provision of disposal services and any appurtenances which are necessary or useful and convenient therefor.

County Disposal System Revenues means (a) all moneys in the Solid Waste Disposal Fund, (b) all rents, rates, fees, service charges, user charges, instruments, chattel paper, negotiable documents and other charges, income or receipts which are payable to, received by or imposed by the County in connection with the County Disposal System, including but not limited to, Revenues relating to (i) the collection, transportation, storage, treatment, recycling and disposal of Refuse by any County Disposal System Components, or derived as a result of the provision of disposal services, including without limitation, rates and charges imposed upon haulers of Disposable Refuse, municipalities or anyone in respect of the disposal of Disposable Refuse (regardless of where such Disposable Refuse originates or is received), (ii) amounts payable to the County pursuant to any Solid Waste Management Contract, (iii) the sale of Recyclable Materials, (iv) revenues generated through the operation of any Disposal System Component owned by the County, (v) payments from the County to the Solid Waste Disposal Fund for services rendered to the County through the County Disposal System, (c) any moneys received by or on behalf of the County from the United States of America, or any agency thereof, or from the State, or any agency thereof, as or on account of a grant or contribution not repayable by the County with respect to the County Disposal System (but not including grants made for the purpose of providing funds for the payment of Capital Costs); (d) the proceeds of insurance covering a loss due to an interruption in the operation of the County Disposal System, if any, (e) any investment income which is derived from the investment of any funds in the Solid Waste Disposal Fund (other than investment income of any funds in the Construction Account), (f) any moneys deposited by the County in the Solid Waste Disposal Fund at the discretion of the County (but not including moneys deposited by the County for the purpose of paying a specific Capital Cost or Operating Expense), (g) any grants from any persons relating to the operation and maintenance of the County Disposal System; provided, however, that "County Disposal System Revenues" do not include (1) the proceeds of County Bonds deposited in the Construction Account established by the Master Authorization or (2) interest earned on the Rebate Account established by the Master Authorization or (3) certain prepayments and collateral received by the County in connection with the County Disposal System until such time as waste for which the prepayment was made or the County is entitled to retain the collateral, as the case may be.

County System means (a) plants, structures, buildings, machinery, equipment, fixtures and other real and personal property owned or leased by the County pursuant to and for the purpose of complying with the Master Authorization and providing solid waste management service (including curbside collection of Recyclables) pursuant to Chapter 48, including but not limited to any County Disposal System Components which are necessary or desirable for the efficient operation of the County System and any appurtenances which are necessary or useful and convenient therefor including any item which would in whole or part constitute a "Project" as such term is defined in Montgomery County Code Section 20-48 as may be amended from time to time and (b) any rights and obligations of the County under any Solid Waste Management Contracts, as such contracts may be amended, modified or renewed.

County System Indebtedness is a collective term meaning (a) debt service on the System Refunding Bonds and (b) the debt service component of the Waste Disposal Fee, which is generally all amounts payable by the Authority under the Indenture with respect to the Series 2013 Bonds and any Additional Bonds that may be issued under the Indenture.

Credit Facility means any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit facility that imposes an unconditional obligation on the issuer thereof to pay the principal of and interest on the Outstanding Bonds of all or any part of a series when due for payment and that (i) is effective throughout the term of the Bonds secured thereby or (ii) provides for the realization of funds thereunder in an amount sufficient to pay the principal of and interest on Bonds secured thereby prior to its expiration date unless a substitute Credit Facility meeting the requirements of this definition is delivered to the Trustee of Paying Agent prior to such date. When used with reference to all or a part of any Series of Bonds, "Credit Facility" means any Credit Facility securing all or a part of such Series of Bonds.

Credit Facility Provider means the issuer of any Credit Facility then in effect. When used with reference to any Series of Bonds, "Credit Facility Provider" means the provider of any Credit Facility securing such Series of Bonds.

CSX means CSX Transportation, Inc. and its permitted successors and assigns under a Rail Transportation Agreement between CSX and the Authority dated as of October 1, 1989.

Debt Service Reserve Fund means the fund so created and designated under the Indenture as security for a Series of Bonds.

Debt Service Reserve Fund Requirement means (A) with respect to the Debt Service Reserve Fund securing the Series 2013 Bonds, the Series 2013 Debt Service Reserve Fund Requirement and (B) with respect to any Additional Bonds, the requirement provided in the Supplemental Indenture providing for the issuance of Additional Bonds, subject to the provisions of the Indenture.

Department means the County's Department of Environmental Protection.

Disposal System Expenses means expenses of the County Disposal System, including the Waste Disposal Fee payable under the Waste Disposal Agreement.

DTC means the Depository Trust Company.

Energy Sales Agreement means any agreements for the sale of steam, electricity, hot water or any other energy produced at the Resource Recovery Facility from the Processing of waste.

EPA means the United States Environmental Protection Agency.

Escrow Deposit Agreement means Escrow Deposit Agreement between The Bank of New York Mellon and the Authority dated as of February 28, 2013.

Escrow Deposit Fund means the fund which is created under the Escrow Agent Agreement.

Event of Default, as used in the Master Authorization, has the meaning given in Appendix E, Summaries of Certain System Documents.

Facility Site means the real property located in Dickerson, Maryland, on which the Resource Recovery Facility is located, including the Facility Site Easements, as further described in the Facility Site Agreement.

Facility Site Agreement means the Facility Site Agreement among PEPCO, the Authority and the County dated October 5, 1989, as amended and supplemented by a Confirmation and Clarification dated December 5, 1989, a Joint and Mutual Determination dated June 20, 1990 and a Letter of Interpretation dated February 18, 1993.

Facility Site Easements means the easements appurtenant to the Facility Site and described in the Facility Site Agreement and the Project Site Lease.

FERC means the Federal Energy Regulatory Commission.

Fiscal Year means the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year or any consecutive twelve-month period adopted by the County as the official accounting year of the County.

Fitch means Fitch, Inc.

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, whether or not the obligations are issued or held in book entry form on the books of the United States Department of the Treasury.

Guarantor means Covanta Energy Corporation, a Delaware corporation, and its permitted successors and assigns.

Guaranty Agreement means the Guaranty Agreement, dated November 16, 1990, of Guarantor for the benefit of the Authority.

Indebtedness means 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, to the extent that any of the foregoing is (1) incurred by the Authority in connection with the Authority Facilities or the performance by the Authority of its obligations under the Project Agreements and (2) payable under any circumstances from the Project Revenues.

Indenture means the Indenture of Trust between the Authority and the Trustee, dated as of March 1, 1993, as amended, including the Second Supplemental Indenture.

Landfill Agreement means the agreement between the Authority and the County dated as of November 16, 1990, as amended March 11, 1993.

Long Term Expenses means, for any period, any amounts required to be paid by the County pursuant to (a) Long Term Obligations (including the Waste Disposal Fee) or (ii) debt service on certain general obligation bonds that the County issued prior to adoption of the Master Authorization and of which there is no principal amount outstanding.

Long Term Indebtedness means all Bonds, together with all of the following Indebtedness incurred, assumed or guaranteed by the Authority:

- (i) 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 Authority for a period from the date originally incurred, longer than one year;
- (ii) any obligation for the payment of money under leases that are required to be capitalized under generally accepted accounting principles;
- (iii) any obligation for the payment of money under installment purchase contracts having an original term in excess of one year; and
- (iv) any obligation that would constitute Short-Term Indebtedness if a Liquidity Facility were not in effect with respect thereto.

As used in this definition, (a) "Short-Term Indebtedness" means any Indebtedness incurred or assumed by the Authority for a term not exceeding 365 days, except any such Indebtedness with respect to which a Liquidity Facility is then in effect and (b) "Liquidity Facility" means a written commitment to provide money to purchase or retire any Indebtedness.

Long Term Obligations means (1) County Bonds, (2) any Solid Waste Management Contracts, including the Waste Disposal Agreement, which expressly provide for the issuance of indebtedness by the other party which is to be secured by County Disposal System Revenues, (3) any reimbursement agreement that secures bonds that are Long Term Obligations and (4) any other multiyear Solid Waste Management Contract which (a) does not contain an express provision that such contract is subject to appropriations and (b) is not terminable at the option of the County without the payment of damages, penalties or other extraordinary amounts by the County upon termination. "Long Term Obligations" does not include subordinated indebtedness that is secured by County Disposal System Revenues.

Martin GmbH means Martin GmbH fur Umwelt- and Energietechnik.

Master Authorization means the Master Authorization of the County, which became effective on November 16, 1990.

Materials Recovery Facility means the materials recovery facility owned by the County and located in Derwood, Maryland.

Maturity Date, as used in the Waste Disposal Agreement, means the earlier of (i) the final maturity date of the Bonds, (ii) the date on which all of the Bonds are defeased in accordance with the terms thereof.

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

MDE means the Maryland Department of the Environment.

Montgomery County Code the Montgomery County Code of 1994, as amended.

Moody's means Moody's Investors Service, Inc.

Operating Expenses means the reasonable or necessary costs and expenses of the County (but not including Long Term Expenses) of operating, maintaining, repairing, insuring, and administering the County Disposal System or providing disposal services, including, without limitation, (a) all administrative, general and commercial expenses, (b) insurance and surety bond premiums, (c) payments to others for the collection, transfer, disposal or processing of solid waste (other than expenses relating to Refuse collection), (d) engineering expenses, (e) legal expenses, and any damages, judgments, awards, fines, penalties, assessments, impositions, charges, levies, litigation settlement amounts or other similar costs or expenses properly incurred and owing by the County in connection with the County Disposal System, (f) auditing expenses, (g) ordinary and current rentals of equipment or other costs which are not paid from the Construction Account, (h) any other current expenses which are required or permitted to be paid by the County in connection with the County Disposal System under the provisions of the Master Authorization or by law, including, without limitation, payments made to consultants and professionals retained by the County, all to the extent that such expenses are properly incurred by the County and attributable to the County Disposal System, (i) expenses which are incurred in connection with the issuance of County Bonds or the execution of Long Term Obligations, (j) costs incurred in connection with the preparation of any reports, plans, opinions or certificates which are required to be prepared under the terms of the Master Authorization and (k) costs incurred in connection with the monitoring of any Disposal System Component, whether before or after its closure.

Outstanding means as of any particular date, 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) on or before such date, (ii) any Bond for the payment of the principal or Redemption Price of, and interest on, which provision shall have been made as provided in Section 9.01 of the Indenture and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the Indenture.

Owner, when used with reference to Series 2013 Bonds, means the registered owner of any Series 2013 Bond.

Non-Processible Waste means solid waste that is not Processible Waste.

Paying Agent means the Trustee.

PEPCO means the Potomac Electric Power Company, a District of Columbia and Virginia corporation.

PEPCO Interconnection Agreement means the Interconnection Agreement between PEPCO and the Authority dated as of July 13, 2001.

Permitted Encumbrance means:

(a) any lien of any contractor, subcontractor, supplier of goods, materials, equipment or services or laborer or any other like lien arising in the ordinary course of business, in respect of a claim that is paid or that is discharged within 60 days of the due date thereof, or that is being contested in good faith by appropriate proceedings conducted with due diligence, so long as such proceedings would be permitted by paragraph (b) of this definition;

(b) any lien arising in connection with workers' compensation, unemployment insurance, old age pensions and social security benefits and any lien securing any appeal and release bond, provided that adequate provisions of the payment of such obligation has been made on the books of the Authority;

(c) any lien incurred or deposit made in the ordinary course of business to secure the performance of any tender; statutory obligation, bid, lease or government contract and any performance bond, fee and expense arrangement with a trustee or fiscal agent and any similar obligation;

(d) any attachment or judgment lien being contested in good faith by appropriate proceedings diligently pursued during the period prior to the earlier of the commencement of proceedings for the enforcement thereof or 30 days after the date of attachment of entry thereof, respectively, and thereafter if such lien shall have been duly stayed and shall have been discharged within 60 days after the expiration of any such stay;

(e) any lien in respect of taxes, assessments, governmental charges or levies on the Authority Facilities or any part thereof as to which interest and penalties have not yet accrued or that are being contested in good faith by appropriate proceedings being conducted with due diligence, if the enforcement of such lien shall have been duly stayed;

(f) any lien, security interest or encumbrance on the Trust Estate created by any Bond Document;

(g) any lien or security interest placed upon any furniture, equipment or other tangible personal property or any fixture acquired by the Authority at the time of acquisition or within the period required under the Maryland Uniform Commercial Code to perfect a security interest in such property that is prior to other such security interests therein in order to secure all or a portion of the purchase price thereof;

(h) such utility, access and other easements, rights of way, restrictions, exceptions, minor defects or irregularities in or clouds on title or encumbrances not arising out of the borrowing of money or the securing of advances of credit as normally exist with respect to properties similar in character to the Authority Facility or the Revenues and as will not, in the opinion of the

Authority, the Trustee and each Credit Facility Provider, if any (as confirmed by the Independent Consultant upon the request of any Credit Facility Provider), interfere with or impair the operations of the Authority Facilities in any material respect;

(i) any lien upon Revenues pledged to the payment of Subordinate Obligations, provided that such lien is junior and subordinate to the lien on the Revenues securing the Bonds;

(j) any lien or encumbrance on the Project or the Project Sites or any part thereof existing on the date of issuance of the Series 2003 Bonds and any lien or encumbrance on any Additional Facilities existing on the date such property was acquired by the Authority;

(k) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances as the Authority shall determine do not materially impair the use of any Authority Facilities for their intended purpose or the value of any Authority Facility; and

(l) so long as the Service Agreement is in effect, any Permitted Lien as defined in the Service Agreement.

A contest referred to in this definition will be permitted only if such contest says the execution or enforcement of the lien, charge or encumbrance being contested and does not (i) materially adversely affects the ability of the Authority to perform any of its obligations under the Project Agreements; (ii) involve the risk of any sale, forfeiture or loss of the Project or any portion thereof, or (iii) involve the risk of imposition of any penalties or liabilities, whether civil or similar, upon the Authority or any material penalties or liabilities upon the Authority.

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

PJM means PJM Interconnection, L.L.C.

PJM Interconnection Service Agreement means the Interconnection Service Agreement between PJM and the Authority dated as of June 28, 2001.

PJM Open Access Transmission Tariff means the Open Access Transmission Tariff providing transmission service within the PJM Control Area and PJM West Region (as such areas are recognized by the North American Electric Reliability Council), including any schedules, appendices, or exhibits attached thereto, as in effect from time to time.

Primary Project Agreements means, collectively, the Service Agreement, the Landfill Agreement, the Project Site Lease, the Facility Site Agreement, the Rail Transportation Agreement, the Guaranty Agreement and, as the term is used other than in descriptions of the Service Agreement, the Waste Disposal Agreement.

Processible Waste means solid waste that can be processed at the Resource Recovery Facility.

Project means, collectively, the Transfer Station, the Resource Recovery Facility, the Transportation System and any changes to the Transfer Station and the Resource Recovery Facility made in accordance with the Waste Disposal Agreement.

Project Agreements means the Primary Project Agreements and (ii) any other agreements that are necessary for the Authority to fulfill its obligations under the Waste Disposal Agreement or the Bond Documents, including agreements entered into by or on behalf of the Authority regarding an Alternate Disposal Facility.

Project Revenues means (i) all amounts payable to the Authority or the Trustee pursuant to the Project Agreements, including, without limitation, all amounts payable pursuant to the Energy Sales Agreement, all amounts payable by or on behalf of the Company pursuant to the Service Agreement, all amounts payable by or on behalf of CSX pursuant to the Rail Transportation Agreement and all amounts payable by or on behalf of the County pursuant to the Waste Disposal Agreement, the Landfill Agreement and the Project Site Lease, and (ii) all other receipts, revenues, rentals, income, insurance or condemnation proceeds, and other moneys payable to or due to the Authority attributable to the ownership, leasing or operation of the Authority Facilities including, without limitation, (A) all rates, fees, service charges, user charges, and other charges, income or receipts that are payable to, received by or imposed by the Authority or the Trustee in connection with the Project Agreements or the Authority Facilities, (B) all revenues generated from the sale of Recovered Materials, (C) the proceeds of any automobile liability insurance or insurance that is "Required Insurance" as defined in the Service Agreement, (D) any other revenues of the Authority which revenues would constitute "Revenues" pursuant to the Master Authorization if earned or received by the County; provided, however, that "Revenues" do not include (i) any amount paid to the Authority in respect of the Authority development and implementation fee as provided in the Indenture or the certain amounts that the Company pays to the Authority in support of the Authority's general activities, (ii) any amount paid to the Authority in respect of any Authority Administrative Costs or Administrative Expenditures, or (iii) any other amounts paid by the Trustee to the Authority.

Project Site Lease means the Project Site Lease between the Authority, as tenant, and the County, as landlord, dated as of November 16, 1990, as supplemented by a letter of interpretation dated March 11, 1993.

Project Sites means the Facility Site and the Transfer Station Site.

PURPA means (1) the Public Utilities Regulatory Policies Act of 1978 and (2) the regulations issued thereunder, as each may be amended from time to time.

Qualified Substitute Operator means a Person that the Authority determines is qualified to operate and maintain the Project.

Rail Transportation Agreement means the Railroad Transportation Agreement between the Authority and CSX dated as of October 1, 1989, as amended September 1, 1990.

Rate Covenant means the terms and conditions imposed on the County by Section 5.13 of the Master Authorization.

Rating Agency means, with respect to the Series 2013 Bonds, Fitch and Moody's.

RCRA means the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 *et seq.*, as amended.

Recyclables means Processible Waste that may be recovered and separated from Processible Waste and that is capable of being returned to the economic mainstream.

Redemption Account means the account of that name established pursuant to the Indenture.

Redemption Price means, when used with respect to any Series 2013 Bond or portion thereof, the principal amount of such Series 2013 Bond or such portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

Refuse means Processible Waste other than Recyclables.

Registrar means The Bank of New York Mellon.

Resource Recovery Facility means the Authority's mass-burn, resource recovery facility located in Dickerson, Maryland.

Second Supplemental Indenture means The Second Supplemental Indenture of Trust between the Authority and the Trustee dated as of February 28, 2013.

Securities Depository means DTC or any substitute for or successor to such securities depository that shall maintain a book-entry system with respect to the Series 2013 Bonds.

Series means any series of Bonds authorized by the Indenture.

Series 2003 Bonds means the Northeast Maryland Waste Disposal Authority Solid Waste Revenue Bonds (Montgomery County Resource Recovery Project), Series 2003.

Series 2013 Bonds means the Northeast Maryland Waste Disposal Authority Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series 2013 (AMT).

Series 2013 Debt Service Reserve Fund means the fund so created and designated under the Indenture as security for the Series 2013 Bonds.

Series 2013 Debt Service Reserve Fund Requirement is defined in "Security and Sources of Payment for the Bonds—Debt Service Reserve Fund" of this Official Statement.

Service Agreement means the Service Agreement between the Authority and the Company, as amended, and as supplemented by certain letters of interpretation executed in connection with the issuance of the Bonds and the Project Implementation Agreement between the Authority and the Company dated as of January 30, 2002.

Solid Waste Disposal Fund means the Solid Waste Disposal Fund established pursuant to Chapter 48.

Solid Waste Management Plan means the comprehensive ten-year plan the County is required to develop pursuant to the Solid Waste Plan Act, Section 9-501 through 9-521 of the Environment Article of the Annotated Code of Maryland (1996 Replacement Volume and 2002 Cumulative Supplement).

Standard & Poor's means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

State means the State of Maryland.

Subordinate Obligations means any Indebtedness secured by a pledge of all or a portion of the Trust Estate junior and subordinate to the pledge of the Trust Estate securing the Bonds and issued by the Authority in accordance with the Indenture.

Supplemental Indenture means any indenture of trust between the Authority 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.

Systems Benefit Charges means the charges for solid waste management services imposed by the County on residential and non-residential property within a County-wide Solid Waste Management District and include a base Systems Benefit Charge, an incremental Systems Benefit Charge and a solid waste disposal fee.

System Refunding Bonds means the County's Solid Waste Disposal System Refunding Bonds (2003 Series A).

Tipping Fees means the fees payable for Refuse delivered to the Transfer Station.

Transfer Station means the transfer station facilities owned by the County and located on Shady Grove Road in Montgomery County, Maryland.

Transfer Station Site means the site located on Shady Grove Road in Montgomery County, Maryland, on which the Transfer Station is located, together with certain rail transportation property rights, as more particularly described in the Project Site Lease.

Transportation System means the intermodal solid waste transportation system, including railcars, which is a component of the Project.

Trustee means The Bank of New York Mellon.

Trust Estate means all monies and securities that from time to time are deposited or are required to be deposited or to be held in trust under any of the provisions of the Indenture and all property, rights, and other assets that from time to time may be pledged and assigned to the Trustee under the Granting Clauses of the Indenture.

Uncontrollable Circumstance means any event or condition affecting the Project, the Authority, the County or the Company that has, or may reasonably be expected to have, a material adverse effect on any of the Authority Component Agreements or the Bond Documents or on a Project Site, or on the operation, ownership or possession of the Project, or on the delivery of waste to the Project, if such event or condition is beyond the reasonable control, and not the result of willful or negligent action or a lack of due diligence of, the party relying thereon as justification for non-performance.

Waste Disposal Agreement means the Amended and Restated Waste Disposal Agreement, dated April 3, 2003 between the County and the Authority.

Waste Disposal Fee means, the annual fee payable to the Authority by the County under the Waste Disposal Agreement.

Yard Waste means grass clippings, leaves, brush and other related organic material.

APPENDIX B

FINANCIAL INFORMATION CONCERNING THE COUNTY DISPOSAL SYSTEM

Set forth in Tables 1 and 2 below are the audited financial results for the Solid Waste Disposal Fund for the last five Fiscal Years.

**Table 1
Solid Waste Disposal Fund Statement Of Revenues, Expenses, And Net Assets
For The Year Ended June 30, 2012
With Comparative Totals For June 30, 2008, 2009, 2010 And 2011**

	June 30 2008	June 30 2009	June 30 2010	June 30 2011	June 30 2012
Operating Revenues:					
Charges for services	\$89,984,621	\$86,505,009	\$89,453,636	\$92,658,142	\$94,790,100
Licenses & permits	\$10,500	\$11,005	\$11,034	\$3,335	\$7,435
Fines & penalties	\$102,328	\$86,015	\$51,463	\$47,576	\$27,215
Total Operating Revenues	<u>\$90,097,449</u>	<u>86,602,029</u>	<u>89,516,133</u>	<u>\$92,709,053</u>	<u>\$94,824,750</u>
Operating Expenses:					
Personnel costs	\$8,351,845	\$8,845,091	\$8,725,514	\$8,811,818	\$8,551,347
Other postemployment benefit contrib.	\$513,750	\$509,800	\$509,800	\$591,638	\$790,640
Postage	\$142,964	\$151,271	\$119,974	\$116,685	\$18,528
Insurance	\$695,450	\$723,154	\$696,833	\$682,171	\$823,462
Supplies and materials	\$507,477	\$990,126	\$814,299	\$819,181	\$773,274
Contractual services	\$70,008,164	\$66,837,121	\$71,283,519	\$73,732,004	\$72,665,426
Communications	\$163,961	\$194,099	\$177,389	\$220,921	\$175,262
Transportation	\$290,712	\$305,417	\$244,419	\$223,138	\$289,552
Public utility service	\$169,659	\$163,631	\$136,342	\$143,430	\$129,931
Rentals	\$30,848	\$32,426	\$26,220	\$22,404	\$25,010
Maintenance	\$714,937	\$431,618	\$1,815,228	\$559,755	\$290,034
Depreciation and amortization	\$2,216,556	\$2,327,462	\$2,300,678	\$2,404,365	\$2,144,369
Landfill closure expense	\$607,000	\$2,077,000	\$426,000	\$44,000	\$242,000
Other	\$648,450	\$519,348	\$456,982	\$111,725	\$109,880
Total Operating Expenses	<u>\$85,061,773</u>	<u>\$84,107,564</u>	<u>\$87,733,197</u>	<u>\$88,483,235</u>	<u>\$87,028,715</u>
Operating Income (Loss)	<u>\$5,035,676</u>	<u>\$2,494,465</u>	<u>\$1,782,936</u>	<u>\$4,225,818</u>	<u>\$7,796,035</u>
Nonoperating Revenues (Expenses):					
Intergovernmental	\$10,000	\$8,700	\$30,000	-	\$25
Gain (loss) on sale of fixed assets	\$2,500	\$179,653	\$61,285	\$125,641	(\$572,285)
Investment income	\$3,981,785	\$1,584,133	\$382,054	\$98,853	\$23,517
Interest expense	(\$922,883)	(\$812,506)	(\$649,864)	(\$517,570)	(\$369,019)
Other revenue	\$163,100	\$62,266	\$49,368	\$72,523	\$175,131
Insurance Recoveries	\$22,883	\$36,562	\$8,100	\$35,245	\$431,361
Total Nonoperating Revenues (Expenses)	<u>\$3,257,385</u>	<u>\$1,058,808</u>	<u>(\$119,057)</u>	<u>(\$185,308)</u>	<u>(\$311,270)</u>
Income (Loss) before Operating Transfers	<u>\$8,293,061</u>	<u>\$3,553,273</u>	<u>\$1,663,879</u>	<u>\$4,040,510</u>	<u>\$7,484,765</u>
Transfers:					
Transfers In	\$411,000	\$305,880	-	-	-
Transfers (Out)	<u>(\$1,246,560)</u>	<u>(\$1,521,390)</u>	<u>(\$1,664,380)</u>	<u>(\$1,515,250)</u>	<u>(\$1,520,690)</u>
Total Transfer In (Out)	<u>(\$835,560)</u>	<u>(\$1,215,510)</u>	<u>(\$1,664,380)</u>	<u>(\$1,515,250)</u>	<u>(\$1,520,690)</u>
Change in Net Assets	<u>\$7,457,501</u>	<u>\$2,337,763</u>	<u>(\$501)</u>	<u>\$2,525,260</u>	<u>\$5,964,075</u>
Total Net Assets - Beginning of Year	<u>\$56,258,865</u>	<u>\$63,716,366</u>	<u>\$66,054,129</u>	<u>\$66,053,628</u>	<u>\$68,578,888</u>
Total Net Assets - End of Year	<u><u>\$63,716,366</u></u>	<u><u>\$66,054,129</u></u>	<u><u>\$66,053,628</u></u>	<u><u>\$68,578,888</u></u>	<u><u>\$74,542,963</u></u>

Table 2
Solid Waste Disposal Fund Statement of Net Assets
June 30, 2012
With Comparative Totals For June 30, 2008, 2009, 2010 and 2011

ASSETS	June 30				
Current Assets:	2008	2009	2010	2011	2012
Equity in pooled cash & investments	\$36,073,986	\$30,762,025	\$19,647,693	\$18,874,625	\$24,172,041
Cash	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Receivables - Accounts	\$2,372,753	\$1,881,498	\$2,016,761	\$2,839,592	\$2,753,851
Due from other funds	\$5,350	\$6,339	\$5,466	-	-
Due from component units	\$57,102	\$55,853	\$54,392	\$52,971	\$46,868
Due from other governments	\$143,695	\$139,456	\$399,131	\$138,508	\$137,331
Prepays	\$1,069	\$598	\$994	\$598	\$598
Total Current Assets	<u>\$38,656,955</u>	<u>\$32,848,769</u>	<u>\$22,127,437</u>	<u>\$21,909,294</u>	<u>\$27,113,689</u>
Noncurrent Assets					
Restricted Assets:					
Equity in pooled cash & investments	\$30,061,764	\$28,664,452	\$30,636,090	\$29,941,835	\$30,015,766
Investments	\$3,715,126	\$4,064,057	\$4,299,223	\$4,382,960	\$3,788,132
Restricted Assets	<u>\$33,776,890</u>	<u>\$32,728,509</u>	<u>\$34,935,313</u>	<u>\$34,324,795</u>	<u>\$33,803,898</u>
Unamortized debt costs	<u>\$290,065</u>	<u>\$228,999</u>	<u>\$167,932</u>	<u>\$106,866</u>	<u>\$45,800</u>
Capital Assets:					
Land	\$17,834,755	\$17,834,755	\$17,834,755	\$17,834,755	\$17,834,755
Improvements other than Buildings	\$72,675,396	\$72,837,824	\$81,542,408	\$81,542,408	\$81,542,408
Infrastructure	\$14,351	\$14,351	\$14,351	\$14,351	\$14,351
Buildings	\$30,728,728	\$30,728,728	\$32,591,722	\$32,591,722	\$32,750,237
Furniture, fixtures, equipment and machinery	\$12,667,214	\$13,210,382	\$12,886,506	\$13,450,856	\$12,378,844
Automobiles & trucks	\$387,473	\$364,804	\$278,716	\$258,840	\$147,598
Construction in progress	<u>\$554,585</u>	<u>\$7,676,117</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$134,862,502</u>	<u>\$142,666,961</u>	<u>\$145,148,458</u>	<u>\$145,692,932</u>	<u>\$144,668,193</u>
Less: Accumulated depreciation & amortization	<u>\$98,014,757</u>	<u>\$99,244,470</u>	<u>\$100,775,719</u>	<u>\$102,401,010</u>	<u>\$103,668,865</u>
Total Capital Assets (net of accumulated depreciation)	<u>\$36,847,745</u>	<u>\$43,422,491</u>	<u>\$44,372,739</u>	<u>\$43,291,922</u>	<u>\$40,999,328</u>
Total Noncurrent Assets	<u>\$70,914,700</u>	<u>\$76,379,999</u>	<u>\$79,475,984</u>	<u>\$77,723,583</u>	<u>\$74,849,026</u>
Total Assets	<u>\$109,571,655</u>	<u>\$109,228,768</u>	<u>\$101,603,421</u>	<u>\$99,632,877</u>	<u>\$101,962,715</u>

(continued)

Solid Waste Disposal Fund Statement of Net Assets
June 30, 2012
With Comparative Totals For June 30, 2008, 2009, 2010 and 2011

LIABILITIES	June 30				
Current Liabilities:	2008	2009	2010	2011	2012
Accounts payable	\$3,845,291	\$7,173,446	\$4,144,394	\$3,925,966	\$5,124,346
Interest payable	\$62,646	\$49,083	\$38,396	\$26,563	\$11,188
Accrued liabilities	\$1,021,190	\$1,175,339	\$1,144,551	\$1,594,706	\$1,035,537
Due to other funds	\$66,023	\$160,424	\$175,684	\$161,572	\$95,704
Due to other governments	\$1,381,979	\$406,596	\$764,902	\$702,308	\$838,834
Revenue bonds payable	\$3,255,000	\$3,420,000	\$3,550,000	\$3,690,000	\$2,683,309
Landfill closure costs	\$3,331,000	\$2,150,000	\$1,106,000	\$1,049,790	\$1,060,272
Total Current Liabilities	<u>\$12,963,129</u>	<u>\$14,534,888</u>	<u>\$10,923,927</u>	<u>\$11,150,905</u>	<u>\$10,849,190</u>
Noncurrent liabilities:					
Revenue bonds payable	\$13,307,407	\$9,900,660	\$6,361,145	\$2,678,732	0
Landfill closure costs	\$19,402,923	\$18,525,923	\$17,774,923	\$16,580,333	\$15,939,410
Compensated Absences	\$181,830	\$213,168	\$183,918	\$219,811	\$206,944
Other postemployment benefits	0	\$0	\$305,880	\$424,208	\$424,208
Total Noncurrent Liabilities	<u>\$32,892,160</u>	<u>\$28,639,751</u>	<u>\$24,625,866</u>	<u>\$19,903,084</u>	<u>\$16,570,562</u>
Total Liabilities	<u>\$45,855,289</u>	<u>\$43,174,639</u>	<u>\$35,549,793</u>	<u>\$31,053,989</u>	<u>\$27,419,752</u>
Net Assets					
Invested in capital, net of related debt	\$20,285,338	\$30,101,831	\$34,461,594	\$36,923,190	\$38,316,019
Restricted for debt service	\$33,776,890	\$32,728,509	\$34,935,313	\$34,324,795	\$33,803,898
Unrestricted	\$9,654,138	\$3,223,789	(\$3,343,279)	(\$2,669,097)	\$2,423,204
Total Net Assets	<u>\$63,716,366</u>	<u>\$66,054,129</u>	<u>\$66,053,628</u>	<u>\$68,578,888</u>	<u>\$74,542,963</u>

APPENDIX C

FINANCIAL INFORMATION CONCERNING THE AUTHORITY

Set forth in Tables 1 and 2 below are the audited financial results for the Authority's Montgomery County Project for the last five Fiscal Years.

**Table 1
 Authority's Montgomery County Project
 Statement Of Revenues, Expenses, And Changes In Net Assets
 For the Year Ended June 30, 2012
 With Comparative Totals For June 30, 2011, 2010, 2009 And 2008**

	June 30	June 30	June 30	June 30	June 30
	2008	2009	2010	2011	2012
<u>Revenues</u>					
Energy and recovered materials revenues	\$28,501,791	\$23,679,689	\$22,469,628	\$20,401,172	\$18,622,062
Montgomery Co. waste disposal fees	\$32,955,074	\$31,575,603	\$36,104,180	\$38,904,196	\$41,405,099
Interest and other	\$2,139,332	\$2,624,704	\$1,882,162	\$2,936,066	\$1,746,763
Total revenues	\$63,596,197	\$57,879,996	\$60,455,970	\$62,241,434	\$61,773,924
<u>Expenses</u>					
Contractual and other direct project costs	\$32,132,651	\$31,512,599	\$31,992,239	\$33,037,277	\$34,212,222
Depreciation	\$9,426,023	\$9,764,195	\$9,839,426	\$9,705,721	\$9,658,647
Bond issuance amortization	\$346,975	\$821,542	\$773,791	\$726,926	\$685,996
Interest	\$10,120,269	\$8,271,092	\$7,669,758	\$6,890,467	\$6,036,957
Loss on disposal of plant and equipment	\$ -	\$ -	\$285,197	\$59,392	\$ -
Other expenses	\$190	\$7,813	\$2,058	\$1,035	\$15,784
Total expenses	\$ 52,026,108	\$50,377,241	\$50,562,469	\$50,420,818	\$50,609,606
Excess (deficiency) of revenues over expenses	\$11,570,089	\$7,502,755	\$9,893,501	\$11,820,616	\$11,164,318
<u>Other Financing Sources (Uses)</u>					
Bond principal payment	\$ -	\$ -	\$2,494,169	\$ -	\$ -
Transfer from Authority	\$165,226	\$5,831,489	\$ -	\$(141,796)	\$(122,899)
Interfund transfers	\$ -	\$ -	\$ -	\$ -	\$ -
	\$165,226	\$5,831,489	\$2,494,169	\$(141,796)	\$(122,899)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$11,735,315	\$13,334,244	\$12,387,670	\$11,678,820	\$11,041,419
Net Assets, beginning of year, as restated	\$36,045,997	\$46,799,446	\$60,133,690	\$72,521,360	\$84,200,180
Net Assets, end of year	\$47,781,312	\$60,133,690	\$72,521,360	\$84,200,180	\$95,241,599

Table 2
Authority's Montgomery County Project
Balance Sheet
For The Year Ended June 30, 2012
With Comparative Totals For June 30, 2011, 2010, 2009 and 2008

	June 30 2008	June 30 2009	June 30 2010	June 30 2011	June 30 2012
Assets					
Investments, at amortized cost	\$49,191,868	\$31,914,722	\$32,268,762	\$32,150,546	\$26,072,981
Insurance receivable	\$ -	\$ -	\$ -	\$446,217	\$ -
Interest receivable	\$314,669	\$172,437	\$171,576	\$171,618	\$171,576
<u>Receivables</u>					
Energy and recovered materials receivables	\$3,653,643	\$2,260,786	\$2,499,333	\$3,203,788	\$2,883,107
Montgomery County Fees Receivable					
Due from other funds*	\$ (6,139)	\$(24,534)	\$(9,851)	\$(16,836)	\$(40,451)
Plant and equipment (net of accumulated depreciation)	\$211,756,002	\$208,198,597	\$201,031,108	\$193,120,493	\$184,307,323
Deferred Charge - Refunded Bonds	\$4,092,654	\$3,564,948	\$3,037,242	\$ -	\$ -
Bond issuance costs (net of accumulated amortization)	\$1,210,634	\$916,798	\$670,713	\$471,493	\$313,203
Total assets	\$270,213,331	\$247,003,754	\$239,668,883	\$229,547,319	\$213,707,739

*Account shows net change of internal balances per GASB Statement No. 34

(continued)
Authority's Montgomery County Project
Balance Sheet
For The Year Ended June 30, 2012
With Comparative Totals For June 30, 2011, 2010, 2009 and 2008

Liabilities and Fund Equity

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Liabilities					
Project cost liability	\$8,626,126	\$7,298,504	\$7,370,605	\$8,490,665	\$2,842,702
Interest payable	\$3,081,931	\$2,352,350	\$2,104,094	\$1,844,425	\$1,563,650
Bond Premium	\$7,803,962	\$6,139,210	\$4,647,824	\$3,381,585	\$2,321,617
Bonds payable	<u>\$202,920,000</u>	<u>\$171,080,000</u>	<u>\$153,025,000</u>	<u>\$131,630,464</u>	<u>\$111,738,171</u>
Total liabilities	\$222,432,019	\$186,870,064	\$167,147,523	\$145,347,139	\$118,466,140
Total liabilities and fund equity	\$222,432,019	\$186,870,064	\$167,147,523	\$145,347,139	\$118,466,140
Montgomery County Project - GASB 34					
Invested in capital assets, net of related debt	\$47,606,818	\$60,129,565	\$72,400,994	\$83,977,443	\$95,241,599
Unreserved	<u>\$174,494</u>	<u>\$4,125</u>	<u>\$120,366</u>	<u>\$222,737</u>	<u>\$ -</u>
Total Montgomery County Project	\$47,781,312	\$60,133,690	\$72,521,360	\$84,200,180	\$95,241,599
Total net assets	\$47,781,312	\$60,133,690	\$72,521,360	\$84,200,180	\$95,241,599
Total liabilities and net assets	\$270,213,331	\$247,003,754	\$239,668,883	\$229,547,319	\$213,707,739

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture. This summary does not purport to set forth all of the provisions of the Indenture and is qualified by reference to the Indenture in its entirety for the complete and actual terms thereof. Any capitalized term used in this summary and not defined below is defined in Appendix A, Summary of Certain Definitions.

Summary of Certain Definitions

Agency Obligations means direct obligations (including bonds, debentures, notes, participation certificates or similar obligations) of or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, any of the following agencies or instrumentalities of the United States of America: Federal National Mortgage Association, Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Tennessee Valley Authority, United States Postal Service, Export-Import Bank of the United States, Farmers Home Administration, General Services Administration, United State Maritime Administration, Small Business Administration and United States Department of housing and Urban Development Federal Housing Administration.

Company Damage Payment means the payment due from the Company in the event that the Service Agreement is terminated due to Company default.

Construction Commitments means any one or more of the following sources of funds: (a) cash or Investment Obligations either (i) on deposit in any of the funds or accounts established under the Indenture and available in, or for transfer to, the Construction Fund or the Insurance and Condemnation Award Fund (as the case may be) for the purpose for which such funds are required or (ii) held by the Trustee pursuant to an escrow agreement or other arrangement satisfactory to the Trustee and available for transfer to the Construction Fund or the Insurance and Condemnation Award Fund (as the case may be) in each case together with estimated investment earnings thereon, assuming a yield satisfactory to the Trustee; (b) the proceeds of Additional Bonds; (c) the obligations of the Company under the Service Agreement; (d) any Eligible Credit Facility; (e) guarantees from the guarantor or guarantees from any other entity having a rating in the category of "A" or better by Moody's or Standard and Poor's; or (f) other evidence reasonably satisfactory to the Trustee that funds will be available for the purpose for which such funds are required.

County Payments means Revenues paid to the Authority by the County pursuant to the Waste Disposal Agreement.

Eligible Credit Facility means any Credit Facility satisfying the following conditions: (i) on the date of delivery thereof to the Trustee and throughout the period during which such Credit Facility is credited to any fund or account maintained under the Indenture, the unsecured long-term indebtedness or the claims-paying ability of the issuer thereof or its parent holding company or other controlling entity is rated by each Rating Agency in a Rating Category not lower than the higher of (A) the Rating Category in which Bonds of the Series for which such fund or account is maintained are then rated, or (B) a rating Category of "A" and (ii) such Credit Facility imposes an unconditional obligation on the issuer thereof to pay to the Trustee amounts payable thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from such fund or account in accordance with the Indenture.

Event of Default means any of the events described below under "Events of Default."

Income Available for Debt Service means, for any period, an amount determined to be excess of (i) the sum of all Operating Revenues over (ii) all Operating Expenses for such period.

Inflation Factor means a fraction, the numerator of which is the Consumer Price Index most recently published prior to June 30 of the preceding Fiscal Year and the denominator of which is the Consumer Price Index most recently published prior to June 30, 1992.

Insurance and Condemnation Proceeds means the gross proceeds of all property insurance policies and title insurance with respect to the Authority's or the Trustee's interest in the Project, the Project Sites or any Authority Facilities and the gross proceeds with respect to all or any part of the Authority's or the Trustee's interest in the Project Sites, the Project or any Authority Facilities that is taken in the exercise of the power of eminent domain, 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 Authority and any such public authority, in each case, less expenses reasonably incurred in the collection of such gross proceeds.

Interest Payment Date means, with respect to the Series 2013 Bonds, each October 1 and April 1, commencing October 1, 2013.

Investment Securities means

- (a) Government Obligations;
- (b) Agency Obligations;

(c) interest bearing time deposits, bankers acceptances, certificates of deposit or similar arrangements satisfactory to the Trustee of any bank or trust company (including, without limitation, the Trustee) with a combined capital and surplus of at least \$100,000,000, the outstanding unsecured long-term indebtedness of which is rated by any Rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such Rating Agency's two highest Rating Categories;

(d) negotiable or nonnegotiable certificates of deposit issued by commercial banks and trust companies (including, without limitation, the Trustee) which is rated by any rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such rating Agency's two highest Rating Categories to the extent fully insured by the Federal Deposit Insurance Corporation;

(e) repurchase agreements for Government Obligations or Agency Obligations with any dealer in government primary dealer by the Federal Reserve Bank of New York, acting as principal or agent, provided that (i) such Government Obligations or Agency Obligations shall be (A) if issued in certificated form, delivered to the Trustee or its agent or supported by a safekeeping receipt issued by a depository satisfactory to the Trustee or (B) if issued in book-entry form, supported by a receipt or other confirmatory documentation satisfactory to the Trustee, (ii) the Trustee Obligations or Agency Obligations, (iii) such Government Obligations or Agency Obligations shall be free and clear of any other liens or encumbrances, (iv) with respect to repurchase agreements for Government Obligations, such repurchase agreements shall provide that the value of the underlying Government Obligations shall be continuously maintained at a current market value of not less than 102% of the repurchase price (the value of such Government Obligations to be determined by the Trustee or its agent or designee at least once in each seven-day period) and (v) with respect to repurchase agreements for Agency Obligations, such repurchase agreements shall provide that the value of the underlying Agency Obligations shall be continuously maintained at a current market value of not less than 103% of the repurchase price (the value of such Agency Obligations to be determined by the Trustee or its agent or designee at least once in each seven-day period);

(f) commercial paper or finance company paper which is rated by any Rating Agency that has an outstanding rating on the Series 2013 Bonds in such Rating Agency's highest Rating Category;

(g) obligations issued by or on behalf of any state of the United States or any political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been irrevocably deposited government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment;

(h) any other obligations issued by or on behalf of any state of the United States or any political subdivision thereof if such obligations or other obligations of the issuer thereof of comparable maturities that are secured equally and ratably with such obligations are rated by a Rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such Rating Agency's two highest Rating Categories;

(i) investment agreements continuously secured by the obligations listed in paragraphs (a), (b), (c), (e), (g) or (h) above, with any bank (including, without limitation, the Trustee), trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a dealer in government bonds, which reports to, trades with and is recognized as a primary dealer by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation and whose outstanding unsecured long-term indebtedness is rated by a Rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such Rating Agency's two highest Rating Categories if (1) such obligations are delivered to the Trustee or are (A) if issued in certificated form, delivered to the Trustee or supported by a safekeeping receipt issued by a depository satisfactory to the Trustee or (B) if issued in book-entry form, supported by a receipt or other confirmatory documentation satisfactory to the Trustee, or (2) the Trustee has a perfected security interest in such obligations, (3) such obligations are free and clear of any other liens or encumbrances, and (4) such investment agreements provide that the value of the underlying obligations shall be continuously maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder;

(j) shares in investment companies rated by a Rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such Rating Agency's two highest Rating Categories;

(k) domestic money market mutual funds which are rated by a Rating Agency that has an outstanding rating on the Series 2013 Bonds in one of such Rating Agency's two highest Rating Categories or which invest in (a) U.S. Government or federal agency securities and repurchase agreements, or (b) other investment instruments specifically include in this definition of Investment Securities; and

(l) with respect to investments held in any fund or account created by the Indenture solely for Bonds of a Series secured by a Credit Facility, such other investments shall be approved in writing by the Credit Facility Provider with respect to such Series of Bonds.

Operating Revenues means all operating and non-operating revenues of the Authority generated from the operation of the Authority Facilities and performance by the Authority of its obligations under the Project Agreements; provided, however, that Operating Revenues shall not at any time include any amounts that do not constitute Revenues or any extraordinary gain on the sale or disposition of any asset or extinguishment of debt.

Revenues has the same meaning as “Project Revenues,” which is defined in Appendix A, Summary of Certain Definitions.

Revenue Test means that there is delivered to the Authority and the Trustee prior to the date on which such action is to be taken a certificate of the County and an opinion of Independent Counsel having a favorable reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds to the effect that (A) such action is not prohibited by the Waste Disposal Agreement and the Master Authorization and (B) after such action is taken, the Waste Disposal Fee will include all additional or increased amounts payable by or on behalf of the Authority as a result of such action.

Subordinate Obligations means any Indebtedness secured by a pledge of all or a portion of the Trust Estate junior and subordinate to the pledge of the Trust Estate securing the Bonds and issued by the Authority in accordance with Section 5.13 of the Indenture.

Tax Compliance Agreement means collectively (i) the Tax Compliance Agreements executed by (among others) the Authority in connection with the Series 2003 Bonds and the Series 2013 Bonds, and (ii) any compliance agreements executed by the Authority (among others) in connection with the issuance of Additional Bonds.

Tax-Exempt Bonds means the Series 2003 Bonds, the Series 2013 Bonds and any other Bonds with respect to which there shall have been delivered to the Authority an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes other than with respect to the alternative minimum tax imposed under Part VI of the Code.

Transfer Date means on or before the last Business Day of each month and on any other date specified in Transfer Directions or as otherwise described below under “Deposit and Application of Revenues and Certain Proceeds.”

Transfer Directions means a written direction executed by an Authorized Officer of the Authority and delivered to the Trustee from time to time with respect to the transfer in accordance with the Indenture of monies on deposit in one fund or account established under the Indenture to another fund or account established under the Indenture.

Summary of Certain Provisions

Refunding Bonds (Section 2.06).

In accordance with the Act, the Authority may issue refunding bonds to refund any Outstanding Bonds. Refunding bonds shall be issued pursuant to and in accordance with the Indenture or any other bond resolution or indenture or Project Agreement entered into by the Authority authorizing such refunding bonds, which may provide (without limitation) for the refunding of Outstanding Bonds in advance of the earliest redemption date for such Outstanding Bonds.

Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds (Section 2.07).

In addition to the Series 2013 Bonds and the Series 2003 Bonds, the Authority may issue, from time to time, Additional Bonds under and secured by the Indenture and any Supplemental Indenture, subject to the conditions provided in the Indenture and any Supplemental Indenture. Additional Bonds may be issued for the acquisition, completion or improvement of Authority Facilities or for any other purpose permitted or required by the Service Agreement, the Waste Disposal Agreement or the Act, including (without limitation) to pay the costs incurred in connection with the issuance and sale of any Bonds, to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture.

Prior to the termination of the Service Agreement, the Authority shall obtain the consent of the Company (which shall not be unreasonably withheld) under certain circumstances prior to the issuance of any Additional Bonds if the Company is or will be obligated to pay debt service on such Additional Bonds as part of its damage payments under the Service Agreement; provided, however, that no such consent shall be required in connection with the issuance of Additional Bonds if the proceeds thereof (other than an insubstantial portion) are intended to pay the costs of any change or restoration required as a result of an Uncontrollable Circumstance. The failure by the Authority to obtain the consent of the Company as described in this paragraph shall not affect the validity of any Additional Bonds issued in contravention of such requirement.

Each Series of Additional Bonds shall be on a parity with, and shall be entitled to the same benefit and security of the Indenture as the Series 2013 Bonds and any other Series of Additional Bonds that may be issued from time to time as provided in the Indenture subject only (i) to the provisions of the Indenture permitting the application of the Trust Estate as described in the Indenture and (ii) to the provisions of the Indenture permitting the application of monies in the Debt Service Reserve Funds for the benefit of some, but not necessarily all, of the Bonds.

The Indenture specifies the conditions precedent to the execution and delivery of Additional Bonds. Some, but not all, of the conditions are as follows:

(1) an opinion of Bond Counsel to the effect that (i) the Supplemental Indenture authorizing the issuance of such Additional Bonds has been duly authorized, executed and delivered by the Authority and constitutes the valid and binding limited obligation of the Authority; (ii) the Authority is duly authorized and entitled to issue such Additional Bonds, and Additional

Bonds executed, authenticated and delivered as provided in the Indenture and such Supplemental Indenture have been duly and validly issued and constitute valid and binding limited obligations of the Authority; 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;

(2) a certificate of the Authority to the effect that upon the authentication and delivery of such Additional Bonds, no Event of Default shall exist under the Indenture; and

(3) except with respect to Additional Bonds issued pursuant to Section 6.4 of the Waste Disposal Agreement, a certificate of the County to the effect that (A) the issuance of such Additional Bonds is permitted under the Waste Disposal Agreement and the Master Authorization and all conditions precedent to the issuance of such Additional Bonds under the Waste Disposal Agreement and the Master Authorization, if any, have been satisfied.

Registration and Exchange of Bonds (Section 2.09).

The Series 2013 Bonds and, unless otherwise provided in a Supplemental Indenture or the terms of Additional Bonds, all other Bonds shall be negotiable instruments for all purposes and shall be transferable in accordance with the provisions for registration and registration of transfer endorsed on the Bonds.

The Authority shall cause books for registration and the registration of transfer of Bonds to be prepared. The registration books shall be kept by the Registrar.

If any Bond is surrendered to the Registrar at its principal corporate trust office for transfer or exchange in accordance with the provisions of such Bond, the Authority shall execute and the Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in any Authorized Denomination, 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, if required, to the Authority or the Registrar of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the Authority nor the Registrar 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.

Selection of Bonds to Be Redeemed (Section 3.02).

If fewer than all of the Bonds shall be called for redemption, the Authority shall select the Series of Bonds and the maturities within each such Series to be redeemed, except as otherwise provided in a Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to such Additional Bonds. The Authority shall select the Series of Bonds to be redeemed and the maturities of such Bonds in accordance with any instructions or requirements relating thereto set forth in the Tax Compliance Agreement and instructions of Bond Counsel related thereto.

If fewer than all of the Bonds of a Series of any one maturity shall be called for redemption, the Trustee shall cause the Registrar to select the particular Bonds or portions of Bonds to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper; provided, however, that except as otherwise provided in a Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to such Additional Bonds (i) the portion of any Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination for such Bond and (ii) in selecting Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

Redemption of Portion of Bond (Section 3.04).

In case part, but not all, of a Bond shall be selected for redemption, upon the presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption in accordance with such Bond, the Authority shall execute and the Registrar shall authenticate and deliver to or upon the order of the registered owner of such Bond or the owner'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 and maturity, bearing interest at the same rate and of any Authorized Denomination in aggregate principal amount equal to the unredeemed portion of such Bond.

Creation of Funds and Accounts (Section 4.01).

The following funds and accounts are created by the Indenture for the benefit of the holders of all Outstanding Bonds and, to the extent provided in the Indenture, the Credit Facility Providers, if any: County Credits Fund; Revenue Fund; Operating Fund; Insurance and Condemnation Award Fund (Net Proceeds Account; Business Interruption Insurance Proceeds Account); and Project Fund. The following funds and accounts are created by the Indenture for each Series of Outstanding Bonds and, to the extent provided in the Indenture, the Credit Facility Provider with respect to such Bonds, if any: Construction Fund; Debt Service Fund (Interest Account, Principal Account, Redemption Account); and Debt Service Reserve Fund. A separate Rebate Fund for each Series of Tax-Exempt Bonds is created by the Indenture.

Construction Funds (Section 4.03).

Monies in the Construction Fund established for the Series 2013 Bonds shall be applied only in accordance with the Indenture. Monies deposited in a construction fund established for any other Series of Bonds shall be applied in accordance with the provision of the Indenture and the Supplemental Indenture authorizing the issuance of such Bonds.

Amounts on deposit in the Costs of Issuance Account of the Construction Fund established for the Series 2013 Bonds shall be used only to pay the costs of issuance of the Series 2013 Bonds.

Payments from the Construction Fund established for the Series 2013 Bonds shall be made in accordance with the terms of the Indenture upon receipt of requisitions stating (i) that the amounts set forth therein are being requisitioned for the payment of costs of issuance, (ii) that obligations in the stated amounts have been incurred and are presently due and payable or have been paid, and (iii) that each item thereof is a proper charge against the Construction Fund established for the Series 2013 Bonds.

Upon receipt of Transfer Directions, the Trustee shall transfer (i) amounts on deposit in the Construction Account established for the Series 2013 Bonds to one or more of the funds or accounts created under the Indenture; provided, however, that with respect to any such transfer such Transfer Directions shall include an opinion of Bond Counsel to the effect that such transfer will not adversely affect the tax-exempt status of any Outstanding Tax-Exempt Bonds.

Deposit and Application of Revenues and Certain Proceeds (Section 4.04).

All County Payments shall be deposited in the Revenue Fund upon receipt (except County Payments with respect to redemption of Bonds, which are deposited as described below). Except with respect to Company Damage Payments and County Payments with respect to redemption of Bonds or as otherwise expressly provided in the Indenture, all other Revenues received by the Authority or the Trustee shall be deposited in the Revenue Fund upon receipt. Upon the deposit of amounts with the Trustee by the Authority, or upon the request of the Trustee with respect to amounts deposited with it hereunder by Persons other than the Authority, the Authority shall provide to the Trustee a certificate identifying such payments; provided, however, that in absence of identifying instructions from the Authority, all payments received by the Trustee from the Company shall be deemed to be Company Damage Payments.

On or before the last Business Day of each month, and on any other date specified in Transfer Directions delivered to the Trustee (each, a "Transfer Date"), after making the transfer to the Revenue Fund from the County Credits Fund as required by the Indenture, the Trustee shall transfer amounts from the Revenue Fund as follows and, in the case of transfers to be made on the same date, in the following order of priority:

(i) to the Operating Fund, the amount specified in a certificate of the Authority delivered to the Trustee, which certificate shall identify the amount necessary to make the amount on deposit in the Operating Fund equal to the sum of all Operating Expenses that are then payable or are expected to become payable during the immediately succeeding month, which were or are not otherwise paid or provided for, including (without limitation) (A) all amounts payable to the Company pursuant to the Service Agreement for such month and (B) all amounts payable to the Authority for such month in respect of the Facility Fee, Alternate Disposal Costs, Authority Administrative Costs and Operating Costs as such fees and costs are defined in the Waste Disposal Agreement and (C) amounts payable to the County in respect of (1) Company Damage Payments under Section 11.7(b)(iv) of the Service Agreement in an amount up to the amount described in Section 11.7(b)(v) of the Service Agreement, or (2) Company Damage Payments under Section 11.7(c)(iii) of the Service Agreement in an amount up to \$5,000,000 adjusted by an inflation adjustor.

(ii) to the Debt Service Fund established for each Series of Bonds, the monthly portion of the sum necessary to provide for the payment of debt service on such Bonds;

(iii) to the Debt Service Reserve Fund established for any Series of Bonds, the amount of any payment specified in the notice from the Trustee with respect to certain deficiencies in such Debt Service Reserve Fund; and

(iv) any balance remaining in the Revenue Fund after all transfers required under clauses (i) through (iv) of this paragraph to the Project Fund.

All Insurance and Condemnation Proceeds received by the Authority or the Trustee shall be deposited in the Net Proceeds Account of the Insurance and Condemnation Award Fund by the Trustee immediately upon receipt thereof. Payments of proceeds of business interruption insurance shall be deposited in the Business Interruption Insurance Proceeds Account of the Insurance and Condemnation Award Fund by the Trustee immediately upon receipt thereof.

All Revenues that are also Authority Component Revenues other than County Payments, Insurance and Condemnation Proceeds, Company Damage Payments and County Redemption Payments shall be deposited by the Trustee upon receipt in the County Credits Fund. All County Redemption Payments received by the Authority or the Trustee shall be deposited in accordance with instructions of the Authority in the Redemption Accounts of the Debt Service Funds by the Trustee immediately upon receipt thereof.

All Company Damage Payments shall be deposited in the Revenue Fund upon receipt thereof by the Trustee or the Authority and shall be transferred to such other fund or account designated by the Authority in Transfer Directions.

All other Company Damage Payments shall be deposited in the Revenue Fund upon receipt thereof by the Trustee or the Authority.

Operating Fund (Section 4.05).

Amounts on deposit in the Operating Fund shall be applied to the payment of Operating Expenses from time to time as the same become due and payable, including (without limitation) amounts payable to the Company under the Service Agreement and any Operating Expenses of the Authority, in accordance with requisitions that are received by the Trustee.

Debt Service Funds (Section 4.06).

The Trustee shall make available to the Paying Agent from the Interest Account established for each Series of Bonds on each Interest Payment Date, applicable to any Outstanding Bonds of a Series, on the redemption date of any Outstanding Bonds of such Series, on any date on which Bonds of such Series are purchased in accordance with the Indenture, and on each date on which the principal of any Outstanding Bonds of such Series becomes due, the amount required to pay the interest due on such Bonds on such date, which amount shall be applied by the Paying Agent to the payment of the interest due on such Bonds in accordance with the terms of such Bonds. The Trustee shall make the transfer described in this paragraph only if and to the extent, there are sufficient monies on deposit in such Interest Account and available to make such transfers.

The Trustee shall make available to the Paying Agent on each date on which principal on any Outstanding Serial Bonds of a Series becomes due from the Principal Account established for such Series of Bonds the amount required to pay the principal of such Bonds due on such date, which amount shall be applied by the Paying Agent to the payment of the principal due on such Bonds in accordance with the terms of such Bonds. The Trustee shall make the transfer described in this paragraph only if, and to the extent, there are sufficient monies on deposit in such Principal Account and available to make such transfers.

Debt Service Reserve Funds (Section 4.07).

Monies in the Debt Service Reserve Fund established for the Series 2003 Bonds shall be used only to pay debt service on the Series 2003 Bonds and monies in the Debt Service Reserve Fund established for the Series 2013 Bonds shall be used only to pay debt service on the Series 2013 Bonds. Monies deposited in a Debt Service Reserve Fund established for any other Series of Bonds shall be applied in accordance with the provisions of the Indenture and the Supplemental Indenture authorizing the issuance of such Bonds.

If on any date on which a payment is required to be made from the Interest Account, Principal Account or Redemption Account established for a Series of Bonds, the amount on deposit in such Interest Account, Principal Account or Redemption Account, respectively, shall be less than the amount of such payment, after any transfer from the Redemption Account required by the Indenture and after any transfer to the Debt Service Fund established for such Series of Bonds made in accordance with the Indenture, the Trustee shall transfer monies from the Debt Service Reserve Fund (if any) for such Series of Bonds, first, to such Interest Account and then to such Principal Account or Redemption Account (as the case may be), to the extent necessary to make good any deficiency. However, no such transfer shall be made in order to cure a deficiency to pay the principal or Redemption Price of, or interest on, Bonds that are not secured by such Debt Service Reserve Fund pursuant to the Indenture and any Supplemental Indenture authorizing the issuance of any Additional Bonds and prior to the transfer of any monies in a Debt Service Reserve Fund that constitute proceeds of a Series of Tax-Exempt Bonds to any Debt Service Funds or accounts thereunder established for Bonds other than such Series of Tax-Exempt Bonds, the Trustee shall obtain an opinion of Bond Counsel to the effect that the application of such monies will not adversely affect the excludability from gross income, for federal income tax purposes, of the interest paid on any Tax-Exempt Bonds. The Trustee shall make the transfers described in this paragraph only if, and to the extent, there are sufficient monies on deposit in the Debt Service Reserve Fund that are available to make such transfers. If necessary to comply with the requirements of the Indenture, the Trustee shall draw on any Eligible Credit Facility or other credit facility or security held to the credit of a Debt Service Reserve Fund in sufficient time so that the proceeds thereof are available to make the transfers described under this heading.

The Trustee shall determine the value of the assets of a Debt Service Reserve Fund in the manner provided in the Indenture as of the close of business (i) on December 1 and June 1 in each Fiscal Year during the period between the date of delivery of any Series of Additional Bonds and the completion date of any Additional Facilities financed with the proceeds of such Additional Bonds, (ii) on June 1 in each Fiscal Year during any other period, (iii) on the date of any withdrawal from such Debt Service Reserve Fund, (iv) on any date on which the Trustee obtains knowledge that any Credit Facility held to the credit of such Debt Service Reserve Fund is no longer entitled to be credited against Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund, (v) on such other dates as shall be directed by the Authority and (vi) if any such determination discloses a deficiency, on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in such Debt Service Reserve Fund.

If any Eligible Credit Facility held to the credit of a Debt Service Reserve Fund ceases to meet the requirements of the Indenture as a result of a reduction or withdrawal of the rating of the unsecured long-term indebtedness or the claims-paying ability of the issuer thereof or its parent holding company or other controlling entity by a Rating Agency, the Authority shall have a period of 60 days from the date of reduction or withdrawal of such rating to obtain a substitute Eligible Credit Facility meeting

the requirements of the Indenture, after which a deficiency shall be deemed to exist in the Debt Service Reserve Fund secured thereby and the deposits to such Debt Service Reserve Fund required by the Indenture shall commence.

As promptly as practicable after each determination of the value of the assets of a Debt Service Reserve Fund, the Trustee shall notify the Authority of the result of such determination and of the amount of any deficiency or surplus determined to exist in such Debt Service Reserve Fund. The Trustee shall transfer the amount of any surplus that exists in a Debt Service Reserve Fund from time to time upon receipt of Transfer Directions. Transfers shall be made first, to the Construction Accounts established for the Series of Bonds secured by such Debt Service Reserve Fund during the period between the date of delivery of any Additional Bonds and the completion date of any Additional Facilities financed in whole or in part with the proceeds of such Additional Bonds, and second, to the Redemption Accounts established for the Series of Bonds secured by such Debt Service Reserve Fund, or upon the receipt of Transfer Directions, to the Revenue Fund or to any other fund or account, provided that, in the case of any transfer of amounts on deposit in a Debt Service Reserve Fund that constitute proceeds of any Tax-Exempt Bonds or the investment earnings on such proceeds, such Transfer Directions shall be accompanied by an opinion of Bond Counsel to the effect that the application of such amounts in accordance with such Transfer Directions will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds.

Any Supplemental Indenture authorizing Additional Bonds may provide that such Series of Additional Bonds shall not be secured by a Debt Service Reserve Fund. If Additional Bonds are not secured by a Debt Service Reserve Fund then (i) the Debt Service Reserve Fund Requirement shall be zero. Any Supplemental Indenture authorizing Additional Bonds may also provide that such Series of Additional Bonds shall be secured by a Debt Service Reserve Fund, that the value of the assets of such Debt Service Reserve Fund shall be valued on dates and pursuant to valuation methods set forth in such Supplemental Indenture and that the amount required to be deposited to such Debt Service Reserve Fund may be deposited on the date of issuance of such Additional Bonds or otherwise in accordance with a schedule set forth in the Supplemental Indenture authorizing such Additional Bonds, which schedule shall not exceed 24 months following the date of initial issuance of such Series of Additional Bonds.

Insurance and Condemnation Award Fund (Section 4.08).

Insurance and Condemnation Proceeds deposited in the Net Proceeds Account shall be applied to the repair or replacement of the lost, damaged, destroyed or taken property or to the redemption of Outstanding Bonds in accordance with the provisions of the Indenture.

(a) The Authority may elect to apply all or a portion of any Insurance and Condemnation Proceeds to the repair or replacement of the lost, damaged, destroyed or taken property upon delivery to the Trustee each of the following:

- (i) a certificate of the Authority describing the property to be repaired or replaced;
- (ii) a written opinion of an Independent Engineer setting forth an estimate of the cost of such repair or replacement and the time required therefor and including a statement to the effect that the amount of such Insurance and Condemnation Proceeds, together with such other monies as are to be made available from Construction Commitments, will be sufficient to pay the costs of such repair or replacement; and
- (iii) either (A) a certificate of the Authority to the effect that the property lost, damaged, destroyed or taken is to be restored (1) to substantially the condition in which it existed immediately prior to the loss, damage, destruction or taking, or (2) prior to the termination of the Service Agreement, to the condition required by the Service Agreement, together with a certificate of an Independent Engineer to the effect that in its opinion the Revenues available during the period of restoration are expected to be sufficient to pay the principal or Redemption Price of and interest on all Outstanding Bonds and all Operating Expenses becoming due during such period, or (B) each of the items required to satisfy the Revenue Test for each Fiscal Year through the second full Fiscal Year after the date on which such Insurance and Condemnation Proceeds are expected to be fully applied, taking into account proceeds of insurance (including, without limitation, business interruption insurance) that will be available to the Authority during such period.

Notwithstanding the foregoing provisions of this paragraph, if the amount of any Insurance and Condemnation Proceeds received in connection with any single casualty, or taking is less than \$3,000,000 times the Inflation Factor, the items required by clauses (ii) and (iii) above need not be provided to the Trustee.

(b) The Authority may elect to apply a portion of Insurance and Condemnation 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 Authority shall satisfy the requirements of paragraph (a) above with respect to monies being used for repair or replacement.

(c) The Authority may elect to apply Insurance and Condemnation Proceeds to the redemption of Outstanding Bonds if there is delivered to the Trustee each of the following

- (i) either (A) an amount that, together with the amount of such Insurance and Condemnation Proceeds and any other amounts on deposit in the funds and accounts created by the Indenture, will be sufficient to redeem all

Outstanding Bonds, together with redemption instructions with respect to such Bonds; or (B) redemption instructions specifying a portion of the Outstanding Bonds to be redeemed from such Insurance and Condemnation Proceeds, together with each of the items required to satisfy the Revenue Test for each Fiscal Year through the second full Fiscal Year after the date on which such Insurance and Condemnation Proceeds are applied to the redemption of such Bonds or irrevocably set aside for the payment or redemption of such Bonds in accordance with the provisions of the Indenture regarding defeasance; and

(ii) a certificate of the Authority and, prior to the termination of the Service Agreement, of the Company to the effect that (x) with respect to insurance proceeds related to loss, damage or destruction of all or a portion of the Project, the Project cannot be restored within a period of 12 months to the condition thereof immediately preceding such loss, damage or destruction or, alternatively, that the Authority 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, and (y) with respect to insurance proceeds or condemnation awards related to the taking or condemnation of the title to, or the temporary use of, all or substantially all of the Project or the Project Sites by a competent authority or loss of use or possession of all or substantially all of the Project or the Project Sites, the taking, condemnation or loss results, or is likely to result, in the Authority'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.

(d) If the Authority does not elect or is not entitled to apply any Insurance and Condemnation Proceeds in accordance with paragraphs (a), (b) or (c) above within 12 months of the deposit of such Insurance and Condemnation Proceeds in the Net Proceeds Account of the Insurance and Condemnation Award Fund, the Authority shall obtain a written report of an Independent Engineer making recommendations as to the use of such proceeds permitted by the terms of the Bonds that is expected to result in the maximum feasible Income Available for Debt Service after such Insurance and Condemnation Proceeds have been fully applied. Such Insurance and Condemnation Proceeds shall thereafter be applied in accordance with the recommendations of such Independent Engineer. The Authority shall provide, or cause to be provided, to the Trustee one copy of the Independent Engineer's recommendations described in this paragraph.

(e) As used in Section 4.08 of the Indenture, the terms "repair" and "replace" include (without limitation) the construction or acquisition of replacement or substitute property, structures, machinery, equipment or other improvements, which need not have the same function as the property lost, damaged, destroyed or taken.

(f) The election of the Authority to apply any Insurance and Condemnation Proceeds in accordance with the terms of the Indenture shall be made by a certificate of the Authority and shall be made in compliance with the obligations of the Authority under the Project Agreements regarding the application of Insurance and Condemnation Proceeds. If the Authority elects to apply any Insurance and Condemnation Proceeds to the repair or replacement of any lost, damaged, destroyed or taken property, such certificate shall include a statement to the effect that the Authority has entered into substantial, binding commitments for such repair or replacement, which may include (without limitation) agreements between the Authority and the Company regarding the repair and replacement of the Project. If the Authority elects to apply any Insurance and Condemnation Proceeds to the redemption of Outstanding Bonds, such certificate shall be accompanied by Transfer Directions.

(g) If monies on deposit in the Insurance and Condemnation Award Fund are to be used to pay the costs of repair or replacement of any property, such monies shall be disbursed by the Trustee from time to time in accordance with requisitions filed with the Trustee. After making the repairs or replacements described in paragraphs (a) or (b) above or upon the Authority's election to redeem bonds as described in paragraph (c) above, and upon receipt of Transfer Directions, the Trustee shall transfer monies on deposit in the Insurance and Condemnation Award Fund that are to be applied to the redemption of Bonds in accordance with the Indenture to the Redemption Accounts established for the Series of Bonds specified therein.

(h) Upon receipt of Transfer Directions, the Trustee shall transfer monies in the Business Interruption Insurance Proceeds Account of the Insurance and Condemnation Award Fund to the Revenue Fund.

County Credits Fund (Section 4.10).

Upon receipt of Transfer Directions, or on each Transfer Date, prior to any transfer from the Revenue Fund, the Trustee shall transfer from the County Credits Fund to the Revenue Fund an amount equal to the aggregate amount credited against the Waste Disposal Fee payable by the County under the Waste Disposal Agreement for such month, as reflected in the Authority billing statement for such month delivered to the County pursuant to the Waste Disposal Agreement and in respect of which monies have not been previously disbursed from the County Credits Fund, together with the amount of any deficiency in the amount so transferred in any prior month.

After giving effect to the transfer described above, if there are not sufficient amounts on deposit in the Revenue Fund or otherwise to make all of the required deposits to the Construction Funds, the Operating Fund, the Debt Service Funds, the Debt Service Reserve Funds, and the Rebate Fund, then upon receipt of Transfer Directions, the Trustee shall transfer from the County Credits Fund to the Reserve Fund the amount necessary to make up such deficiency. At the discretion of the Authority, and upon receipt of Transfer Directions, the Trustee shall transfer from the County Credits Fund to the Project Fund or the Rebate Fund the amount described in the Transfer Directions.

Project Fund (Section 4.11).

Amounts on deposit from time to time in the Project Fund shall be (i) applied by the Trustee to pay the principal or Redemption Price of, and interest on, Subordinate Obligations upon receipt of a Requisition for such amount, or (ii) shall be transferred by the Trustee to the Construction Funds, the Revenue Fund, the Debt Service Fund, the Rebate Fund or the County Credits Fund from time to time in accordance with Transfer Directions received by the Trustee.

Special Transfers to the Debt Service Funds (Section 4.12).

If on any date on which a payment is required to be made from the Interest Account or the Principal Account established for a Series of Bonds, the amount on deposit in such account shall be less than the amount of such payment, after all other transfers of Revenues required by the Indenture on such date and prior to the transfer of any available amount on deposit in the Debt Service Reserve Fund securing such Series of Bonds, the Trustee shall transfer the amount of the deficiency to the Debt Service Fund from the following funds and accounts in the following order: (a) from amounts on deposit in the Redemption Account established for such Series of Bonds (other than any monies set aside to pay the Redemption Price of Bonds or the purchase price of Bonds theretofore contracted to be purchased and as to which an unconditional notice of redemption has been given); (b) from amounts on deposit in the Project Fund; and (c) from amounts on deposit in the County Credits Fund. Notwithstanding the foregoing provisions of this paragraph, no amount on deposit in the Redemption Account established for any Outstanding Tax-Exempt Bonds that constitutes proceeds of Tax-Exempt Bonds or investment earnings on such proceeds shall be transferred to the Debt Service Funds unless there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that the application of such monies to the payment of interest on such Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of the interest paid on such Bonds.

If the amount transferred to each Debt Service Fund on any date shall be insufficient to provide for all of the payments required to be made from such fund on such date, then the amount so transferred shall, to the extent such deposit is not inconsistent with the opinion of Bond Counsel described above, be deposited first, to the Interest Account of such Debt Service Fund and then to the Principal Account of such Debt Service Fund (as the case may be), in each case to the extent necessary to make good the deficiency.

Investments (Section 4.13).

Subject to the arbitrage and rebate requirements set forth in the Indenture, monies in any of the funds and accounts established by the Indenture shall be invested by the Trustee in accordance with investment directions received by the Trustee from the Authority, but only in Investment Securities maturing in such amounts and on such dates as may be necessary to provide monies to meet the payments required to be made from such funds and accounts.

Subject to (i) the arbitrage and rebate requirements set forth in the Indenture and (ii) the limitations set forth below, interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by the Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made. Upon receipt by the Trustee of Transfer Directions, the amount of any net earnings on the investment of amounts on deposit in a Debt Service Reserve Fund shall be paid (i) to the Capitalized Interest Account established for Outstanding Bonds secured by such Debt Service Reserve Fund prior to the completion of the Project or any Additional Facilities financed with the proceeds of such Bonds and (ii) to the County Credits Fund. Any Supplemental Indenture authorizing the issuance of any Additional Bonds may provide for an investment earnings account to which investment earnings on the funds and accounts established for such Bonds shall be transferred or otherwise provide for the application of such investment earnings.

Notwithstanding the foregoing provisions, any earnings on the investment of a Debt Service Reserve Fund shall be retained in such Debt Service Reserve Fund to the extent that there exists a deficiency therein until withdrawn and/or applied pursuant to the provisions thereof.

The Trustee shall sell or redeem any obligations in which monies shall have been invested and may take such steps as shall be necessary to realize funds under any credit or liquidity facility held to the credit of any fund or account, in each case 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 monies between various funds and accounts as may be required or permitted from time to time pursuant to the provisions of the Indenture. The proceeds from the sale of any investment or the realization of any funds under any credit or liquidity facility shall be paid into the fund or account for which the sale was made or to the credit of which the credit or liquidity facility was held (as the case may be).

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, (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) and (iii) any Eligible Credit Facility shall be valued in accordance with the provisions of the Indenture.

Neither the Authority nor the Trustee shall be liable for any depreciation in the value of any obligations in which monies of the funds or accounts created by the Indenture shall be invested in accordance with the Indenture, or for any loss arising from any investment permitted therein.

Application of Monies in Certain Funds for Retirement of Bonds (Section 4.14).

If at any time the Authority shall determine to provide for the payment of some, but not all, of the Outstanding Bonds, 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 applied to the payment or redemption of such Bonds in accordance with Article IX of the Indenture upon receipt by the Trustee of Transfer Directions. If at any time the Authority shall determine to provide for the payment of all Outstanding Bonds, upon receipt of Transfer Directions, the Trustee shall apply any monies on deposit in the funds and accounts maintained for such Bonds in accordance with the Indenture available for the payment of the principal or Redemption Price of, and interest on, such Bonds to the payment or redemption of such Bonds in the manner provided by the Indenture.

Bonds Not to Be Arbitrage Bonds; Rebate Funds (Section 4.15).

The Chairman or other authorized member of the Authority and the Executive Director of the Authority shall be officials of the Authority 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 Authority (each such certificate as it may be amended and supplemented from time to time in accordance with the Indenture, being referred to herein as a "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 such Tax-Exempt Bonds ("Section 148").

The Authority shall set forth in each 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 monies, 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 Authority covenants that (i) the facts, estimates and circumstances set forth in each Section 148 Certificate will be based on the Authority'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 Authority further covenants that it will not make, or (to the extent it exercises control or direction) permit the County or the Company to make, any use of Bond Proceeds that would cause any Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148.

The Authority 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 the Tax-Exempt Bonds, it is intended that the covenants of the Authority described above be construed so as to require the Authority to comply with Section 148 only to the extent of such applicability.

The Authority shall make or cause to be made, but only from the Revenues or from other monies, if any, on deposit in the funds and accounts created by the Indenture, timely payment of any rebate amount or payment in lieu of rebate (or installment of either) 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 any 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.

The Authority and the Trustee shall hold and invest Bond Proceeds within their control (if such proceeds are invested) in accordance with the expectations of the Authority set forth in the Section 148 Certificate. Upon receipt of Transfer Directions of the Authority directing the transfer of amounts on deposit in any fund or account created by the Indenture to the Rebate Fund established with respect to a Series of Bonds, the Trustee shall make the transfer referred to therein, any other provision of the Indenture to the contrary notwithstanding. Upon receipt of Transfer Directions of the Authority directing the transfer of amounts on deposit in the Rebate Fund to any other fund or account, the Trustee shall make the transfer referred to therein; provided, however, that the amount transferred shall not exceed the excess of the amount on deposit in the Rebate Fund over the reasonably estimated rebate or penalty liability with respect to the Bonds under Section 148 as of the date of calculation, less amounts theretofore paid to the United States as rebate with respect to the Bonds.

Amounts on deposit in the Rebate Fund from time to time required to be paid to the United States of America pursuant to Section 148 shall be applied by the Trustee to the payment of such rebates or payments in lieu of rebate in accordance with the Section 148 Certificate.

No Disposition of Trust Estate (Section 5.03).

Except as permitted by the Indenture, the Authority shall not sell, lease, pledge, assign or otherwise dispose of its interest in the Trust Estate or the Special Trust Estate; provided, however, that the Authority may, without the consent of the Trustee or Bondholders, transfer any real property interests it may have in the Trust Estate or the Special Trust Estate to the County if the County amends the Project Site Lease to include in the leasehold estate described therein, the real property, improvements and other real property interests transferred to the County. The Authority shall not create and shall not suffer to remain any lien, encumbrance or charge upon its interest in the Trust Estate except (i) any Permitted Encumbrance, and (ii) as otherwise permitted herein. The Authority will cause to be discharged, or will make adequate provisions to satisfy and discharge, to the extent that any Revenues are available in the Operating Fund to provide for such discharge, within 60 days after the same

shall accrue, all lawful claims and demands that, if unpaid, might by law become a lien (other than a permitted lien as described in the preceding sentence) upon its interest in the Trust Estate or such special trust estate; provided, however, that nothing contained in this paragraph shall require the Authority 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. Notwithstanding the foregoing, the Authority may, without the consent of the Trustee, the Bondholders, or any other Person hereunder, transfer or convey to the County any or all of the Authority's right, title and interest in all, or any part, of the Project Sites; excepting only the Authority's rights to use and occupy the Project Sites under the Project Site Lease and the Waste Disposal Agreement.

Project Agreements; Amendment of Primary Project Agreements (Sections 5.05 and 5.06).

The Authority shall perform its obligations under, and enforce the performance of the obligations of the other parties to, each of the Primary Project Agreements to which the Authority is a party; provided, however, that the Authority shall not be required to take any action under this paragraph if the Authority in good faith determines that such action (i) will materially adversely affect the Authority's ability to, perform its obligations under any other Project Agreement or (ii) is not reasonably justified by the nature of the potential remedy or recovery or the likelihood of the recovery and the expense or adverse effects of such action. The Authority shall be entitled to exercise all of the rights of the holder of a Long Term Obligation.

(a) The Authority and the Trustee may, without the consent of or notice to the holders of any Bonds, make any amendment, change or modification to any Primary Project Agreement:

(i) that is required for the purpose of curing any ambiguity (or formal defect in any Primary Project Agreement;

(ii) if the additional amount expected by the Authority to be payable by the Authority under an amendment, change or modification to an existing Project Agreement (assuming amounts in respect of indemnification provisions, change provisions, force majeure and unexpected event provisions, damage provisions and termination for convenience provisions, will not be required to be paid by the Authority thereunder) is an amount equal to or less than \$3,000,000 (multiplied by the Inflation Factor) per Fiscal Year;

(iii) if (A) the County consents to the proposed amendment, change or modification, (B) the Independent Engineer delivers an opinion to the Trustee to the effect that the ability of the Authority to satisfy the Revenue Test should not be materially and adversely affected by such amendment, change or modification, and (C) there is delivered to the Trustee a Certificate of Authority certifying that in its opinion the proposed amendment, change, or modification should not adversely affect the ability of the Authority to perform its obligations under the Bond Documents or the Primary Project Agreements before the latest maturity date of any Bonds Outstanding as of the effective date thereof;

(iv) if the Authority and the Trustee have received a written opinion of an Independent Engineer to the effect that such amendment, change or modification reasonably necessary or appropriate to enable the Authority or any other party to the Bond Documents or the Project Agreements to utilize Alternate Disposal Facilities or to comply with any of the Bond Documents or the Project Agreements (excluding only the Authority's obligations to comply with certain rights of approval held by the County under the Waste Disposal Agreement), or Applicable Law; or

(v) if as of its effective date, the proposed amendment, change or modification does not, in the opinion of Bond Counsel, materially and adversely prejudice the legal rights of the holders of any Outstanding Bonds.

(b) The Authority and the Trustee may, without the consent of or notice to the holders of any Bonds, consent to any amendment, change or modification of the Guaranty Agreement:

(i) to cure any ambiguity or formal defect therein;

(ii) if the Trustee has received an opinion of Independent Counsel reasonably satisfactory to the Trustee to the effect that such amendment, change or modification (A) does not (1) reduce the amount required to be paid by the Guarantor under the Guaranty Agreement, (2) reduce or limit the events that give rise to the obligations of the Guarantor under the Guaranty Agreement, or (3) restrict or otherwise impair the ability of the beneficiaries of the Guaranty Agreement to enforce their rights and benefits thereunder, and (B) is not otherwise materially to the prejudice of the holders of any Outstanding Bonds as of its effective date; or

(iii) if the proposed amendment, change or modification does not, in the opinion of Bond Counsel, materially and adversely prejudice the legal rights of the holders of any Outstanding Bonds as of the effective date of the proposed amendment, change or modification.

(c) Except as provided in paragraphs (a) and (b) above, neither the Authority nor the Trustee shall consent to any amendment, change or modification of any Primary Project Agreement or the Guaranty Agreement without the prior written consent of the holders of not less than a majority of the Outstanding Bonds.

(d) The Authority may enter into any amendment, change or modification to any Project Agreement which is not a Primary Project Agreement or execute any new Project Agreement or Primary Project Agreement without the consent of the Trustee or the Bondholders.

Changes to Authority Facilities (Section 5.07).

The Authority shall not make or permit to be made any material change in the cost, scope, nature, function or projected completion date of any of the Authority Facilities as originally designed and planned unless:

(a) the Authority delivers to the Trustee a written opinion, of an Independent Engineer to the effect that monies available to pay the costs of such change, together with any amounts to be made available pursuant to Construction Commitments, are sufficient to pay the estimated costs of such change and the remaining estimated costs of construction of the Project; and

(b) one of the following conditions is satisfied:

(i) if (A) the County consents to the change, and (B) there is delivered to the Trustee either (1) the written opinion of an Independent Engineer to the effect that the change is not expected to increase the total Operating Expenses or decrease the total Operating Revenues in any future Fiscal Year prior to the latest maturity date of any Bonds Outstanding as of the effective date thereof by more than five percent or (2) each of the items that would be required under the Master Authorization if the net effect of such increase or decrease on the Waste Disposal Fee were deemed to be indebtedness issued pursuant to a long Term Obligation and a certificate of the Authority certifying that in its opinion the proposed change should not adversely affect the ability of the Authority to perform its obligations under the Bond Documents or the Project Agreements before the latest maturity date of any Bonds Outstanding as of the effective date thereof;

(ii) if the Trustee has received a written opinion of an Independent Engineer or Bond Counsel to the effect that such change is necessary or appropriate to enable the Authority or any other party to a Bond Document or a Project Agreement to comply with any of the Bond Documents, the Project Agreements (excluding only the Authority's obligations under Section 6.3 of the Waste Disposal Agreement), or Applicable Law;

(iii) if the Trustee has received a written opinion of an Independent Engineer to the effect that the proposed change should not materially and adversely affect the ability of the Authority to satisfy the Revenue Test for each of the first three complete Fiscal Years following the completion of the change; or

(iv) the proposed change does not, in the judgment of the Trustee, materially adversely affect the holders of any Bonds Outstanding as of its effective date, provided, however, that the Trustee may rely on a certificate of the Independent Engineer or an opinion of Bond Counsel with respect to the judgment of the Trustee described in this clause.

For the purposes of the provision described in the first paragraph above, the term "material" means an event or change having an annual capital cost equal to or in excess of an amount equal to \$3,000,000 (multiplied by an inflation factor) per Fiscal Year.

Insurance (Section 5.10).

The Authority shall obtain and maintain insurance covering Authority Facilities in which the Authority has an insurable interest against loss caused by damage to, destruction of, or business interruption of all or any part of such Authority Facilities, and liability insurance for bodily injury and damage resulting from damage to or destruction of all or any part of the Authority Facilities, in each case (i) in such amounts, against such risks and subject to such limitations and exclusions as are customarily maintained by Persons in similar circumstances having facilities of a comparable type and size and offering comparable services, and (ii) to the extent that such insurance is available on commercially reasonable terms and conditions. The Authority shall be deemed to have satisfied the requirements of this paragraph if (A) it maintained or causes to be maintained the insurance specified in the Waste Disposal Agreement, (B) it maintains or causes to be maintained the insurance required by the Service Agreement, and (C) thereafter, if it maintains or causes to be maintained the insurance reasonably recommended by an independent insurance consultant or firm of insurance consultants with a favorable national reputation that is designated by the Authority and approved by the County representative.

Additional Indebtedness of the Authority (Section 5.13).

The Authority shall not create or incur any Indebtedness in whole or in part payable from or secured by the Trust Estate, except for the following Indebtedness and subject to the following provisions: (a) any Additional Bonds issued within the limitations of the Indenture; (b) any increase in amounts payable to the Company under the Service Agreement in respect of Changes necessitated by Uncontrollable Circumstances thereof (c) any Subordinate Obligations; and (d) any unsecured Indebtedness ("Unsecured Obligations").

All Subordinate Obligations 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 Obligations and

prior to the issuance thereof, there shall be delivered to the Trustee each of the items required by the Indenture as if such Subordinate Obligations were an issue of Bonds. Prior to the issuance or incurrence of Unsecured Obligations, there shall be delivered to the Trustee each of the items required by the Indenture as if such Unsecured Obligations were Bonds.

Payments with respect to the principal of or interest on any Subordinate Obligation or any Unsecured Obligation shall be made only from the Project Fund and no such payment shall be made during any period in which (i) any Event of Default under the Indenture shall have occurred and be continuing, or (ii) the amount on deposit in the Debt Service Reserve Fund, if any, maintained for any Series of Bonds is less than the Debt Service Reserve Fund Requirement for such Bonds. During any other period, the Authority may pay or prepay, or authorize the payment or prepayment of, the principal of and interest on any Subordinate Obligation or any Unsecured 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, actual knowledge of the occurrence of an Event of Default or an event that, with notice or the passage of time or both, would become such an Event of Default. Holders of Subordinate Obligations shall have no right to any of the monies on deposit in any of the funds or accounts created by the Indenture. In addition, while Bonds are Outstanding, in no event shall any default by the Authority with respect to Subordinate Indebtedness constitute or cause an acceleration or an Event of Default under the Indenture. The Authority may, at any time or from time to time, transfer any or all amounts on deposit in the Project Fund to any other fund or account created under the Indenture and in such case these monies shall no longer be available to pay amounts due with respect to Subordinate Obligations unless such monies are subsequently transferred to the Project Fund. So long as there are Outstanding Bonds under the Indenture, in no event shall a default in the payment of any amount in respect of any Subordinate Obligation constitute a default under the Indenture.

Construction, Operation and Maintenance of Authority Facilities (Section 5.14).

The Authority shall construct, operate, maintain and repair (or cause to be constructed, operated, maintained and repaired) the Authority Facilities in a sound and workmanlike manner consistent with good engineering practice and safety standards and in accordance in all material respects with Applicable Law.

The Authority shall promptly replace or cause to be replaced any portion of the Authority Facilities which from time to time becomes worn out or is lost, stolen, destroyed, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever; provided, however, that nothing in the Indenture requires the Authority to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Authority Facilities if the failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part (i) is permitted under the Service Agreement or would not adversely affect the Company's ability to perform its obligations under the Service Agreement, (ii) is, in the opinion of the Independent Engineer, economically justified, or (iii) will not, in the opinion of the Independent Engineer, materially impair the ability of the Authority to perform its obligations under the Project Agreements or the Bond Documents.

The Authority may demolish or remove from any Authority Facility, and may sell or otherwise dispose of, in whole or in part, any property, structure, machinery, equipment or other improvement constituting a part of an Authority Facility (i) that is worn out, destroyed, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, if replaced to the extent required pursuant to the Indenture, (ii) for the purpose of repair in accordance with the Indenture or (iii) in connection with any change to any Authority Facilities to the extent permitted pursuant to the Waste Disposal Agreement, in each case without obtaining the approval of the Trustee and free of any obligation to make replacement thereof or substitution therefor.

While the Service Agreement is in effect, the Authority shall be in compliance with the requirements of the Indenture regarding the construction, operation and maintenance of the Project so long as it is enforcing the Company's obligation to comply with the requirements of the Service Agreement regarding the construction, operation and maintenance of the Project.

Liens (Section 5.15).

The Authority shall not contract, create, incur, assume or suffer to exist any liens or encumbrances upon or with respect to, or grant any security interest in, the Project or any Additional Facilities, whether now owned or hereafter acquired, except for Permitted Encumbrances.

Exercise of Certain Rights (Section 5.17).

The Authority shall not terminate the Service Agreement for convenience at any time unless prior to or concurrently with the termination of the Service Agreement:

- (a) the Authority has received written notice from the County pursuant to the Waste Disposal Agreement directing the Authority to terminate the Service Agreement for convenience;
- (b) the Authority delivers to the Trustee a certificate of the Authority to the effect that the Authority has satisfied or caused to be satisfied the requirements of the Service Agreement relating to termination of the Service Agreement; and
- (c) either (i) the County assumes all of the obligations of the Authority under the Bond Documents and the Project Agreements, or (ii) the County stipulates in a written notice to the Authority and the Trustee that it will continue operations at the Project, and that the Waste Disposal Agreement and the Landfill Agreement are amended or otherwise provide that they shall remain in effect and that the full amount of the principal or Redemption Price of, and interest on, all Outstanding

Bonds is included, under all circumstances, in the amount payable to the Authority as part of the Waste Disposal Fee under the Waste Disposal Agreement, and (iii) the Authority and the Trustee have received the following:

(A) a binding contract with a Qualified Substitute Operator with a term ending on or after the latest maturity date of any then Outstanding Bonds and providing for the performance by the Qualified Substitute Operator of substantially all of the obligations of the Authority under the Waste Disposal Agreement (including, without limitation, the obligation of the Authority pursuant to Section 3.2(D) thereof); and

(B) a written opinion of an Independent Engineer to the effect that the replacement operator selected by the Authority is a Qualified Substitute Operator and the Revenue Test is satisfied; and

(C) a certificate of the County consenting to the Qualified Substitute Operator and stating that the Waste Disposal Fee will include all amounts payable by the Authority pursuant to its contract with the Qualified Substitute Operator.

If the County assumes all of the obligations of the Authority under the Bond Documents and the Project Agreements in accordance with the Indenture, from and after the effective date of such assumption, all references to the Authority in the Indenture shall be deemed to be references to the County and the Authority shall have no further liability thereunder.

Right to Terminate the Service Agreement for a Company Event of Default (Section 5.18).

The Authority shall not terminate the Service Agreement for an event of default of the Company and continue operation of the Project as described in the Service Agreement unless prior to or concurrently with the date of such termination (i) all dispute resolution proceedings under the Service Agreement regarding such termination and the amount of damages payable by the Company in respect thereof have been finally concluded in favor of the Authority; (ii) the County executes and delivers to the Authority a valid and binding amendment to the Waste Disposal Agreement and the Landfill Agreement to provide that the terms thereof shall continue until the earlier of (A) the maturity date of all Outstanding Bonds or (B) the date on which all Outstanding Bonds shall have been defeased as provided herein; (iii) the County shall have delivered to the Authority an opinion of an Independent Counsel (who may be the County Attorney) to the effect that such amendment to the Waste Disposal Agreement is a valid and binding agreement of the County enforceable in accordance with its terms; (iv) the Authority shall have executed a valid and binding long-term agreement with a Qualified Substitute Operator for the operation and maintenance of the Project, and (v) the County shall have executed a valid and binding amendment to the Waste Disposal Agreement or the Trustee shall have received a certificate of the County Representative, in either case to the effect that after termination of the Service Agreement with the Company, the full amount of debt service on the Outstanding Bonds (including the principal or Redemption Price and interest on all Outstanding Bonds) shall, under all circumstances, be included in the Waste Disposal Fee payable by the County to the Authority under the Waste Disposal Agreement.

The Authority shall not terminate the Service Agreement for an Event of Default of the Company and abandon operation of the Project, unless prior to, or concurrently with, such termination:

(i) all dispute resolution proceedings under the Service Agreement regarding such termination have been finally concluded in favor of the Authority; and

(ii) (A) the results of certain performance tests required to be performed by the Company (or in certain circumstances, the Consulting Engineer or other engineer) under the Service Agreement demonstrate that certain minimum performance standards (including a guaranteed capacity standard) have not been achieved and the Authority has received a written notice from the County pursuant to the Waste Disposal Agreement directing the Authority to terminate the Service Agreement and abandon operations in accordance with the requirements of the Service Agreement, or (B) after exercising reasonable good faith efforts (which efforts shall include, without limitation, the preparation and evaluation of a competitive procurement and good faith negotiations with qualified respondents), the Authority and the County have been unable to secure a Qualified Substitute Operator to perform the obligations of the Company under the Service Agreement pursuant to an agreement with terms and conditions relating to the amount of the service fee, damage payments and performance guarantees that are substantially similar to (or more favorable to the Authority) than the corresponding terms and conditions of the Service Agreement then in effect.

No Right to Terminate the Waste Disposal Agreement for a County Event of Default (Section 5.19).

The Authority shall not terminate the Waste Disposal Agreement for any Event of Default under the Waste Disposal Agreement.

Authority Tax Covenants (Section 5.20).

The Authority shall comply with the Tax Compliance Agreement and the representations, warranties and agreements contained in such Tax Compliance Agreement shall have the same effect as if set forth herein; provided, however, that such Tax Compliance Agreement may be amended or supplemented (i) upon receipt by the parties thereto of an opinion of Bond Counsel that such amendment or supplement will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds, or (ii) as provided therein, in each case notwithstanding any provision of

this Indenture to the contrary. Notwithstanding any other provision in the Indenture to the contrary, the Authority's obligations under this heading shall survive termination of the Indenture.

Trustee Entitled to Indemnity (Section 6.02).

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under the Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or by the enforcement of any rights and powers thereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or default. 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 Authority shall reimburse the Trustee from the Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement within 60 days after receipt by the Authority of written notice thereof, the Trustee may reimburse itself from any monies in its possession under the provisions of the Indenture and shall be entitled to a preference therefor over any Bonds Outstanding under the Indenture.

Compensation (Section 6.06).

Unless otherwise provided by contract with the Trustee, the Authority shall pay to the Trustee from the Revenues, from time to time, reasonable compensation for all services rendered by it under the Indenture, including its services as Registrar and Paying Agent, 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 thereby created and the exercise of its powers and the performance of its duties thereunder, and the Trustee shall have a lien therefor on any and all Funds at any time held by it thereunder prior to any Bonds Outstanding. The Authority from the Revenues shall indemnify and save the Trustee harmless against any expenses and liabilities that the Trustee may incur in the exercise and performance of its powers and duties thereunder that are not due to its negligence or default. If the Authority shall fail to make any payment required by this Section, the Trustee may make such payment from any monies in its possession under the provisions of the Indenture and shall be entitled to a preference therefor over any Bonds Outstanding under the Indenture.

No provision of the Indenture shall require the Trustee to expend or risk its own funds or incur financial liability in the performance of any of its duties thereunder, 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 adequate indemnity against such risk or liability is not reasonably assured to it.

Resignation of the Trustee (Section 6.08).

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days written notice, specifying the date when such resignation shall take effect, to, among others, the Authority and each Holder of any Outstanding Bonds. Such resignation shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor. The resignation of the Trustee will not relieve the Trustee of liability for (i) any action or omission to act in breach of its fiduciary duties hereunder that occurred prior to the date of removal, or (ii) acting or proceeding in violation of, or failing to act or proceeding in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee that occurred prior to the date of resignation.

Removal of Trustee (Section 6.09).

(a) During any period in which no Event of Default shall have occurred or be continuing, the Trustee may be removed for any reason, with or without cause (1) by the Authority, by written instrument delivered to the Trustee, or (2) by the holders of at least 25% of the Outstanding Bonds, by written instrument or concurrent instruments in writing signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the Authority and the Trustee.

(b) During any period in which any Event of Default shall have occurred or be continuing, the Trustee may be removed (1) by the Authority, with cause, by written instrument delivered to the Trustee, or (2) by the holders of at least 25% of the Outstanding Bonds, with cause, by written instrument or concurrent written instruments signed and acknowledged by such holders or by their attorneys-in-fact and delivered to the Authority and the Trustee. Notwithstanding the foregoing, holders of at least 25% of the Outstanding Bonds may cancel or overturn any removal of the Trustee undertaken by the Authority pursuant to this paragraph (b) by written instrument or concurrent written instruments signed and acknowledged by such holders, or their attorneys-in-fact and delivered to the Authority and the Trustee prior to the date of removal of the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of or 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 Authority or of the holders of not less than ten percent of the Outstanding Bonds.

(c) The removal of the Trustee will not relieve the Trustee of liability for (i) any action or omission to act in breach of its fiduciary duties hereunder that occurred prior to the date of removal, or (ii) acting or proceeding in violation of or failing to act or proceeding in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee that occurred prior to the date of removal.

Successor Trustee (Section 6.10).

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee shall thereupon become vacant.

If the Trustee shall resign or be removed or the position of Trustee shall for any other reason become vacant, so long as no Event of Default shall have occurred and be continuing, the Authority shall forthwith appoint a Trustee to act under the Indenture. Copies of any instrument of the Authority providing for any such appointment shall be delivered by the Authority to the County, the Trustee so appointed and the predecessor Trustee. The Authority shall mail notice of any such appointment to each Holder of any Outstanding Bonds within 30 days after such appointment.

If the Trustee shall resign or be removed or the position of Trustee shall for any reason become vacant during any period in which an Event of Default shall have occurred and be continuing, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the holders of a majority of the Outstanding 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 notification thereof being given to the predecessor Trustee and the Authority.

If in a proper case no appointment of a successor Trustee shall be made within 30 days after the giving by any Trustee of any written notice of resignation in accordance with the Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any holder of Bonds or Subordinate Obligations may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may claim proper, appoint such successor.

Any successor Trustee appointed under the Indenture shall be a commercial bank or trust company or national banking association (i) having a capital and surplus, together with the capital and surplus of any bank, trust company, or bank holding company of which it is a direct subsidiary or affiliate, to the extent such capital and surplus is available to pay claims against such successor Trustee, aggregating at least \$100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by the Indenture.

The appointment of a successor Trustee will not relieve the Trustee of liability for (i) any action or omission to act in breach of its fiduciary duties hereunder, or (ii) acting or proceeding in violation of, or failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee to the date of the appointment of any successor Trustee hereunder.

Events of Default (Section 7.01).

Events of Default under the Indenture include:

- (a) payment of the principal or the Redemption Price of any Outstanding Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;
- (b) payment of interest on any Outstanding Bond shall not be made when the same shall become due and payable;
- (c) payment of the purchase price of any Outstanding Additional Bond that is required by its terms to be purchased from its holder by or on behalf of the Authority shall not be made when the same shall become due and payable;
- (d) an order or decree shall be entered with the consent or acquiescence of the Authority appointing a receiver of the Revenues, or such order or decree, having been entered without the consent or acquiescence of the Authority, shall not have been vacated or discharged or stayed on appeal within 60 days after the entry thereof;
- (e) any proceeding shall be instituted with the consent or acquiescence of the Authority for the purpose of effecting an arrangement between the Authority 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
- (f) the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in any Outstanding Bond or in the Indenture on the part of the Authority to be performed (other than as described in clauses (a), (b) or (c) above), which default shall continue for 90 days after written notice specifying such default and requiring the same to be remedied shall have been given by the Trustee to (i) the Authority and, (ii) prior to the Company Termination Date, the Company and, (iii) the County; provided, however, that if the Authority, the County or the Company, shall proceed to take any action determined to be curative by the Trustee which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased to such extent as shall be necessary to enable the Authority, the County or the Company (as the case may be) to complete such curative action through the exercise of

due diligence. The curative action described in this paragraph may include, without limitation, the issuance of Additional Bonds in accordance with the provisions of the Indenture.

The failure to make a payment of the principal or the Redemption Price of, or interest on, any Designated Bond shall not constitute an Event of Default under the Indenture.

Acceleration of Maturity of Outstanding Bonds (Section 7.02).

The Trustee shall not declare the principal of all of the Outstanding Bonds to be due and payable for any reason, including the happening and continuance of any Event of Default under the Indenture unless (i) an Event of Default thereunder has occurred and is continuing, and (ii) at least 25% of the holders of Outstanding Bonds direct, by written notice delivered to the Trustee and the Authority, that the Authority declare the principal of all of the Outstanding Bonds to be due and payable. In addition, the Trustee may not declare the principal of any Outstanding Series of Bonds other than the Outstanding Series 2003 Bonds and Series 2013 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 Series of Bonds.

Upon the giving of notice of such declaration, such principal shall become and be immediately due and payable, anything in the Outstanding Bonds or in the Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may, and upon receipt of the written consent of the holders of at least 25% of the Outstanding Bonds shall, by written notice to the Authority, annul such declaration and its consequences if: (i) monies shall have accumulated in the Debt Service Funds 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 Outstanding Bonds (except the principal of any such Bonds due only as a result of such declaration), (ii) sufficient monies 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 Outstanding Bonds and the Indenture of which the Trustee has actual knowledge shall have been remitted to the satisfaction of the Trustee. No such annulment shall extend to or affect any, subsequent default or impair any right consequent thereon.

Enforcement and Priority of Payments Following Default (Sections 7.13 and 7.04).

Upon the happening and continuance of any Event of Default under the Indenture, then and in every such case the Trustee may proceed, and upon the written request of the holders of at least 25% of the Outstanding Bonds shall proceed, to protect and enforce its rights and the rights of the holders of Outstanding Bonds under the laws of the State and under the Indenture, any Credit Facility and any Eligible Credit Facility by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained therein, or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority 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.

If at any time there shall have occurred and be continuing an Event of Default as described in subparagraphs (a) through (e) under the heading "Events of Default," after payment of all amounts owing to the Trustee under the Indenture and the payment of Operating Expenses (as described in Section 4.04(b)(i) of the Indenture (including, without limitation, payments to the County pursuant to Section 4.04(b)(i)(C) of the Indenture), amounts held by the Trustee hereunder, together with any monies thereafter becoming available for such purpose, whether through exercise of the remedies provided in the Indenture or otherwise, shall, if sufficient to provide such payment, be applied as follows:

(i) unless the principal of any Outstanding Bonds shall have become or shall have been declared due and payable by a declaration of acceleration pursuant to the Indenture, all such monies shall be applied in accordance with Section 4.04 of the Indenture; and

(ii) if the principal of any Outstanding Bonds shall have become due by their terms or by a declaration of acceleration pursuant to the Indenture, the Trustee shall take the following actions and shall apply all such monies in the following order of priority:

(A) the Trustee shall provide for the payment of all rebates or payments in lieu 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 Tax-Exempt Bonds by setting aside first, from the amounts on deposit in the Rebate Fund and then, from any other monies held by the Trustee under the Indenture an amount sufficient to make such payment; and

(B) the Trustee shall allocate any other amounts held by the Trustee among the Outstanding Bonds, proportionately on the basis of the total amount of principal and accrued interest due, on the Outstanding Bonds as of the date of allocation; and

(C) any balance held by the Trustee shall be deposited in accordance with Section 4.04 of the Indenture or, if all of the Outstanding Bonds have been paid in accordance with Article IX of the Indenture, shall be applied in accordance with Article IX of the Indenture.

Notwithstanding the foregoing, prior to the allocation or application of any monies that constitute proceeds of any Tax-Exempt Bonds or the investment earnings on such proceeds, the Trustee shall obtain an opinion of Bond Counsel to the effect that the allocation and application of such monies as herein provided will not adversely affect the excludability from gross income, for federal income tax purposes, of the interest paid on any Tax-Exempt Bonds.

If on any date on which the principal or Redemption Price of, or interest on, any Outstanding Bond becomes due and payable in accordance with the Indenture, amounts held in the funds and accounts established with respect to the Outstanding Bonds or allocated to such payment in accordance with the Indenture shall be insufficient to provide such payment, all such amounts shall be applied as follows:

(i) The Trustee shall provide for the payment of Operating Expenses as described in Section 4.04(b)(i) of the Indenture (including, without limitation, payments to the County pursuant to Section 4.04(b)(i)(C) of the Indenture);

(ii) unless the principal of all Outstanding Bonds shall have become or shall have been declared due and payable, all such monies shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due on the Outstanding Bonds, 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; and

SECOND: to the payment to the Persons entitled thereto of the unpaid principal or the Redemption Price 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 or the Redemption Pricing 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 or the Redemption Price of such Bonds due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal or Redemption Price, ratably, according to the amount of principal due of 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

(iii) if the principal of all Outstanding Bonds shall have become due by their terms or shall have become due and payable by a declaration of acceleration, all such monies 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 Outstanding Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interests 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.

Notwithstanding the foregoing, prior to the allocation or application of any monies that constitute proceeds of any Tax-Exempt Bonds or the investment earnings on such proceeds, the Trustee shall obtain an opinion of Bond Counsel to the effect that the allocation and application of such monies as herein provided will not adversely affect the excludability from gross income, for federal income tax purposes, of the interest paid on any Tax-Exempt Bonds.

Whenever monies are to be applied by the Trustee pursuant to the provisions of Section 8.04 of the Indenture, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee may determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. The setting aside of such monies in trust for the benefit of holders of Outstanding Bonds in accordance with the Indenture shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any holder of any Bond or Subordinate Obligation or to any other Person for any delay in applying any such monies, 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 monies, it shall fix the date (which shall be an Interest Payment Date for the Outstanding 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 Outstanding 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 Outstanding Bonds with respect to the payment of defaulted interest on such 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.

Restrictions Upon Action by Individual Holders (Section 7.07).

No holder of any Outstanding Bond shall have any right to institute any suit, action or proceeding in equity or at law on any such Bond for the execution of any Trust under the Indenture or for any other remedy thereunder unless (i) such holder

previously shall have given to the Trustee written notice of the Event of Default or other default on account of which such suit, action or proceeding is to be instituted, (ii) the holders of at least 25% of the Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee reasonable security and indemnity 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 the Indenture or to any other remedy thereunder; provided, however, that notwithstanding the foregoing provisions of this paragraph and without complying therewith, the holders of at least 25% of the Outstanding Bonds may institute any such suit, action or proceeding in their own names for the benefit of all holders of Outstanding Bonds.

Notice of Default (Section 7.11).

The Trustee shall mail to all holders of Outstanding Bonds and Subordinate Obligations written notice of the occurrence of any Event of Default of which the Trustee shall have knowledge within 30 days after such Event of Default shall have occurred and be known to it. The Trustee shall not be subject to any liability to any Bondholder or holder of Subordinate Obligations by reason of its failure to mail such notice.

Except upon the happening of an Event of Default described in paragraphs (a) through (e) under the heading "Events of Default" or with respect to the happening of any other Event of Default about which the Trustee has actual knowledge, the Trustee shall not be deemed to have notice of any defaults thereunder, unless specifically notified in writing of such default in a report furnished to the Trustee pursuant to the Indenture or in a written notice by a Holder of any Outstanding Bond.

Modification or Amendment of Indenture Without Consent (Section 8.01).

Without notice to or the consent of the holders of the Bonds, the Authority and the Trustee may amend the Indenture or enter into a Supplemental Indenture supplementing, modifying or amending the Indenture or any Supplemental Indenture at any time or from time to time 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 Authority contained in the Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Authority Facilities the Authority's obligations under the Project Agreements or the application, custody, use or disposition of the Revenues or the proceeds of Bonds or Subordinate Obligations; (c) to surrender to the Trustee any right, power or privilege reserved to or conferred upon the Authority by the Indenture; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Indenture), the Trust Estate; (e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture; (f) to provide for the terms of Additional Bonds; (g) to permit the qualification of the Indenture or any Supplemental Indenture under any federal statute or under any state blue sky law; (h) to obtain or to maintain any ratings on the Bonds of any Series from any Rating Agency; (i) to provide for the issuance of any Bonds in coupon form or in book-entry form; (j) to preserve the excludability from gross income, for federal income tax purposes, of the interest paid on any Tax-Exempt Bonds theretofore issued; (k) to make any change in the Indenture which does not, in the opinion of the Trustee, materially and adversely prejudice the rights of the holders of the Bonds as of the date as of which such change shall become effective; (l) to make any change in the Indenture if there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that such change does not materially and adversely prejudice the legal rights of the holders of the Bonds at the date as of which such change shall become effective; (m) to add to, amend or delete any of the provisions of Appendix C or Appendix D to the Indenture, which pertain to requisitions for certain Costs and to County approval of the Authority's exercise of certain rights under the Indenture; or (n) to make any change in the Indenture relating solely to and solely affecting Bonds to be secured by a Credit Facility to accommodate the securing of such Bonds by a Credit Facility Provider.

Supplemental Indentures Requiring Consent of Holders of Bonds (Section 8.02).

In addition to Supplemental Indentures permitted by the Indenture, with the prior written consent of the holders of a majority of the Outstanding Bonds, the Authority and the Trustee may enter into at any time and from time to time amendments to the Indenture or Supplemental Indentures amending or supplementing the Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained; provided, however, that nothing contained in the Indenture shall permit (i) a change in any terms of redemption or purchase of any Outstanding Bond, a change in the due date for the payment of the principal of or interest on, any Outstanding Bond, or any reduction in the principal, Redemption Price or purchase price of, or interest rate on, any Outstanding Bond, without the consent of the Holder of such Bond, or (ii) except as expressly permitted by the Indenture, the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the Indenture, a preference or priority of any Outstanding Bond over any other Outstanding Bond or a reduction in the percentage of Outstanding Bonds the consent of the Holders of which is required for any modification of the Indenture, without the unanimous consent of the holders of all Outstanding Bonds.

Defeasance (Section 9.01).

(a) If the Authority shall pay or cause to be paid the principal or Redemption Price of, and interest on, all Bonds and Subordinate Obligations at the times and in the manner stipulated therein, in the Indenture and in any Supplemental Indenture authorizing 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 thereby to the Trustee for the benefit of the Bondholders or the holders of Subordinate Obligations shall be discharged and satisfied. In such event, upon the request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the Authority, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Indenture (other than any monies and securities required for the payment or redemption of Bonds or Subordinate Obligations not theretofore surrendered for such payment or redemption).

(b) A Series 2013 Bond shall be deemed to have been paid within the meaning of and with the effect expressed in paragraph (a) above if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the Authority of monies for such payment or redemption or otherwise, regardless of the source of such monies), 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, (A) provision shall have been made by the Authority 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 non-callable Government Obligations, the principal of and interest on which when due will provide for such payment, and (B) if such Bond is to be redeemed prior to the maturity thereof, the Authority shall have 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 made for the giving of such notice.

(c) An Additional Bond or Subordinate Obligation shall be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01 of the Indenture if it is deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing the issuance thereof

(d) Anything in the Indenture to the contrary notwithstanding, if the Authority shall determine to provide for the payment of all of the Outstanding Bonds of a Series in accordance with Section 9.01 of the Indenture, upon the direction of the Authority, the Trustee shall set aside any amounts on deposit in the funds and accounts maintained solely for the Bonds of such Series (other than amounts theretofore set aside for the payment of particular Bonds in accordance with the Indenture) for the payment of the principal or Redemption Price of, and interest on, and the purchase price of, such Bonds on the due dates for such payments in accordance with Section 9.01 of the Indenture. If all of the Outstanding Bonds of a Series shall have been paid in accordance with the Indenture, amounts on deposit in the funds and accounts maintained solely for such Bonds (other than amounts set aside for the payment of particular Bonds of such Series in accordance with the Indenture) shall be transferred to the Revenue Fund upon receipt by the Trustee of Transfer Directions. The provisions of this paragraph shall be subject in all respects to the provisions of any Supplemental Indenture authorizing any Additional Bonds with respect to the funds and accounts maintained for such Bonds.

(e) In connection with the defeasance of any Bonds, the Authority shall deliver or cause to be delivered to the Trustee a report of an independent public accountant or a financial advisor, which in either case shall be selected by the Authority and approved by the Trustee (which approval shall not be unreasonably withheld) verifying that the amount of the money and the principal of, and interest on, the Government Obligations deposited in accordance with paragraph (b) above is sufficient to pay the principal or Redemption Price of, and interest on, such Bonds on and prior to the redemption date or maturity date thereof. If the Bonds to be defeased are not by their terms subject to redemption or payable upon their maturity within the next 60 days after the deposit of Government Obligations as described in paragraph (b) above, the Authority shall give the Trustee, in form reasonably satisfactory to the Trustee, irrevocable instructions to give, in the same manner as a notice of redemption is given pursuant to Section 3.02 of the Indenture, a notice to the holders of such Bonds stating that the deposit required by this Section has been made, that such Bonds are deemed to have been paid in accordance with Article IX of the Indenture, and that monies are to be available for the payment of interest prior to, and principal or Redemption Price of, and interest on, such redemption date or date of maturity as is described in such notice.

(f) Anything in the Indenture to the contrary notwithstanding, any monies held by the Trustee in trust for the payment of any of the Bonds or Subordinate Obligations that remain unclaimed for five 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 monies shall be paid by the Trustee to the County, or to such officer, board or body as may then be entitled by law to receive such monies, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto.

Governing Law (Section 11.13).

The Indenture shall be governed by and construed in accordance with the laws of the State.

APPENDIX E
SUMMARIES OF CERTAIN SYSTEM DOCUMENTS

SUMMARY OF CERTAIN PROVISIONS OF THE WASTE DISPOSAL AGREEMENT

The following summarizes certain provisions of the Waste Disposal Agreement between the County and the Authority. This summary does not purport to set forth all of the provisions of the Agreement and is qualified by reference to the Waste Disposal Agreement in its entirety for the complete and actual terms thereof. Any capitalized term used in this summary and not defined below is defined in Appendix A, Summary of Certain Definitions.

Summary of Certain Definitions

Acceptable Waste means:

- (a) household garbage, trash, rubbish, offal and refuse of the kinds normally generated by residential housing units and non-industrial commercial establishments located in the County; and
- (b) the types of commercial and light industrial waste that are normally generated by governmental, commercial and light industrial and manufacturing establishments located in the County.

Alternate Disposal Facility means a sanitary landfill (including any Designated Landfill) within or without the County boundaries, solid waste acceptance, transportation and disposal facilities at which Disposable Refuse is accepted, stored or disposed of by the Authority other than the normal sites to be used for such activities pursuant to the Waste Disposal Agreement.

Additional Capital Investment is defined below under “Changes Necessitated by Uncontrollable Circumstances.”

Administrative Costs is defined below under “Waste Disposal Fee.”

Administrative Fee is defined below under “Waste Disposal Fee.”

Alternate Disposal Methods means any method of acceptance, transportation, storage and/or disposal of Acceptable Waste, other than operation of the normal acceptance through the Transfer Station and processing through the Facility under the Service Agreement or any Substitute Operator Agreement, by which the Authority or any Person acting for or on behalf of the Authority accepts, transports, stores or disposes of, or causes to be accepted, transported, stored or disposed of, Acceptable Waste, either through the use of the Authority Component, the Authority Component Sites, the Designated Landfill, the Alternate Disposal Facilities or otherwise.

Authority Component means the Disposal System Components that are to be undertaken by the Authority pursuant to the Waste Disposal Agreement, including, collectively, the Transfer Station, Transfer Station Easements and the rights or interest of the Authority in the Transfer Station pursuant to the Facility Site Lease, the Facility, any changes to the Transfer Station and the Facility made in accordance with the Waste Disposal Agreement, and any Alternate Disposal Facility or Alternate Disposal Methods.

Authority Component Revenues is defined below under “Waste Disposal Fee.”

Authority Component Agreements means all Energy Sales Agreements, the Facility Site Agreement, the Rail Transportation Agreement, the Landfill Agreement, any Agreement regarding an Alternate Disposal Facility, the Service Agreement, any Substitute Operator Agreement, any other Project Agreements and the Waste Disposal Agreement, together with any and all other agreements to which the Authority is a party necessary for the Authority to fulfill its obligations under the Waste Disposal Agreement that are approved by the County representative or entered into in order to avoid default, as described below under “Authority Right to Take Certain Actions to Avoid Default,” as such agreements may be amended or modified from time to time.

Authority Component Sites means the Authority’s interest in the Transfer Station Site pursuant to the Facility Site Agreement and the Facility Site, and any Alternate Disposal Facility.

Bypassed Waste means Processible Waste that is accepted by the Company or any Substitute Operator but is not Processed at the Facility.

Capacity Maintenance Change means any Changes to the Authority Component required as a result of an Uncontrollable Circumstance to repair or replace any damaged or destroyed portion of the Authority Component or to restore operating levels of the Authority Component to those set forth in the performance standards under the Service Agreement, or to enable the Authority to perform its obligations under the Waste Disposal Agreement, the Bond Documents and the other Authority Component Agreements without resort to Alternate Disposal Methods or Alternate Disposal Facilities.

Capital Costs means any item of cost of a capital nature incurred by the Authority which would constitute a “Capital Cost” pursuant to the Master Authorization if incurred by the County or which cost constitutes a “cost of the project” under the Authority’s enabling legislation.

Change means any restoration, modification, addition or alteration to the Authority Component.

County Ten Year Plan has the same meaning as “Solid Waste Management Plan,” which is defined in Appendix A, Summary of Certain Definitions.

Debt Service is defined below under “Waste Disposal Fee.”

Designated Hauler means any person who delivers waste to the Authority pursuant to the Waste Disposal Agreement on behalf of the County. With respect to the Transfer Station and any other facility to which access is controlled by the County, Designated Hauler includes any person permitted to deliver waste by the County or by the person operating the weighing scales at the Transfer Station.

Discretionary Right means certain rights described in the Service Agreement under the Primary Project Agreements (as such term is used in the Service Agreement) the exercise of which has been reserved to the Authority and the following rights under the Service Agreement:

1. Right to require Changes to the Facility pursuant to Article VIII of the Service Agreement.
2. Right to terminate for Company failure to perform or for convenience.
3. Right to waive any defaults.

In addition, the County may designate any other rights under any Authority Component Agreements as “Discretionary Rights” by written notice to the Authority.

Diverted Waste means waste that the Authority delivers or tenders for delivery to the Company under the Service Agreement (or to any Substitute Operator under any Substitute Operator Agreement) but which is not accepted by the Company (or the applicable Substitute Operator, as the case may be).

Facility Site Agreement means, collectively, (1) the Facility Site Agreement, (2) the deed by which the Authority transferred title to the Facility Site to the County, and (3) any agreement between the Authority and the County concerning use of the Facility Site, or any part thereof, by the Authority.

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 Project 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 as replaced, amended, expanded or supplemented, and any rules, regulations or policies promulgated thereunder; 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 Project because of the harmful, toxic or dangerous composition or characteristics of the material or substance.

Insurance Consultant means an independent consultant or firm of consultants with a favorable national reputation that is designated by the Authority and approved by the County representative.

Nonprocessable Waste means materials that:

(a) are Acceptable Waste; and

(b) (i) in the reasonable judgment of the Company,

(A) would pose a substantial threat to public health or safety if Processed at the Facility; or

(B) would result in Residue being a material or substance described in clause (a) or (b) of the definition of “Hazardous Waste” if Processed at the Facility; or

(C) are so large or bulky as to present a risk of blocking the waste feed chutes or the rail compaction equipment; or

(D) under Applicable Law or the Rail Transportation Agreement may not be transported by rail from the Transfer Station to the Facility or disposed of at the Facility; or

(ii) are present in concentrations or quantities exceeding those normally found in solid waste generated in residences or non-industrial commercial establishments and, in the reasonable judgment of the Company, would either

(A) pose a reasonable possibility of adversely affecting the operation of the Facility if Processed; or

(B) cause applicable air quality or water effluent standards to be violated by the Processing thereof during normal operation of the Facility; and

(c) are listed in the definition of Nonprocessable Waste in the Service Agreement (generally, construction debris and white goods) or included in a written notice provided by the Company to the Authority stating that the material constitutes Nonprocessable Waste.

Operating Costs is defined below under “Waste Disposal Fee.”

Process, Processed and **Processing** mean to burn waste utilizing the Facility’s furnaces in accordance with Applicable Law.

Processible Waste means all Acceptable Waste other than Nonprocessable Waste.

Processing Capacity Reduction means a condition affecting the Project, the Service Agreement, any Substitute Operator Agreement, the Company or any Substitute Operator that prevents the Company or any Substitute Operator from accepting and Processing all Processible Waste and disposing of all Nonprocessable Waste in accordance with the requirements of the Service Agreement or any Substitute Operator Agreement that is required to be accepted at the Transfer Station from time to time under the Service Agreement or any Substitute Operator Agreement.

Recovered Materials means any salvageable items recovered from the material that remains after the waste has been Processed.

Service Agreement Termination Date means the date specified by the Authority in its notice of termination delivered by the Authority on which the Service Agreement will terminate unless the Authority rescinds such note.

Service Covenant means the covenant described below under “Provision of Disposal Service by Authority.”

Solid Waste Act has the same meaning as “Chapter 48,” which is defined in Appendix A, Summary of Certain Definitions.

Substitute Operator means, following a termination of the Service Agreement, if any, a Person procured by the Authority to operate all or any portion of the Project or otherwise perform some or all of the Company’s obligations under the Service Agreement.

Substitute Operator Agreement means an agreement with a Substitute Operator.

Transfer Station Shutdown means a condition affecting the Project that prevents the Company or any Substitute Operator from accepting and disposing of, by means other than Processing, all Acceptable Waste that the Company or any Substitute Operator is required to accept from time to time under the Service Agreement or any Substitute Operating Agreement.

Unacceptable Waste, as used in the Waste Disposal Agreement, means any material not included in the definition of Hazardous Waste which is not permitted by Applicable Law to be delivered to or disposed of at the Transfer Station and materials that:

(a) (i) in the reasonable judgment of the Company (or, with respect to the County Designated Landfill, the County) (A) would pose a substantial threat to public health or safety if accepted at the Transfer Station or (B) are so large or bulky as to present a risk of blocking the Transfer Station waste feed chutes, or (ii) are present in the concentrations or quantities exceeding those normally found in solid waste generated in residences or non-industrial commercial establishments and, in the reasonable judgment of the Company (or, with respect to the County Designated Landfill, the County), would either pose a reasonable possibility of adversely affecting the operation of the Transfer Station in any material respect, or cause applicable air quality or water effluent standards to be violated by the disposal of such materials at the Designated Landfill; and

(b) are listed in the definition of Unacceptable Waste in the Service Agreement (or, with respect to the County Designated Landfill, the Landfill Agreement) (generally, explosives, liquid wastes, tires, motor vehicles and motor vehicle parts, construction materials, and certain other items) or included in a written notice provided by the Company (or with respect to the County Designated Landfill, the County) stating the material constitutes Unacceptable Waste.

Uncontrollable Circumstances means any event or condition affecting the Project, the Authority, the County, the Company or any Substitute Operator, that has, or may reasonably be expected to have, a material adverse effect on any of the Authority Component Agreements or Bond Documents or on the Project or the Project Sites or the operation, ownership or possession of the Project, or delivery of waste to the Project, if such event or condition is beyond the reasonable control, and not the result of willful or negligent action or a lack of due diligence, of the nonperforming party relying thereon as justification for

not performing any obligation or complying with any condition required of such party under the Waste Disposal Agreement or for delaying such performance or compliance or for an adjustment to the Waste Disposal Fee.

Summary of Certain Provisions

Operation and Maintenance of Facility and Transfer Station (Section. 2.3).

The Authority must operate and maintain the Project in accordance with Applicable Law and sound solid waste management practice. The Authority agrees that it shall cause the Company and any Substitute Operator in accordance with the Service Agreement and any Substitute Operator Agreement, respectively, to meet its obligations with respect to the cleanliness of the Project, compliance with environmental and other Applicable Law and, should any such nuisance condition or violation of Applicable Law occur, to expeditiously remedy the condition or violation. In addition, the Authority must cause the Company and any Substitute Operator in accordance with the Service Agreement to repair, maintain and replace the Facility's pollution control equipment in accordance with sound engineering practice so that the equipment meets the performance levels required by the Service Agreement and any Substitute Operator Agreement, respectively.

Insurance (Section 2.4).

The Authority must obtain and maintain, or cause to be obtained and maintained from qualified insurers, insurance, in forms approved by the County representative, covering the Authority Component that are available on commercially reasonable terms and conditions and afford adequate protection against loss caused by damage to, destruction of, or business interruption of all or any part of the Authority Component, and liability insurance for bodily injury and damage resulting from damage to or destruction of all or any part of the Authority Component owned by the Authority. The Authority will satisfy the preceding sentence if (i) before the termination of the Service Agreement it maintains, or causes to be maintained, the insurance specified in Schedule 12 to the Service Agreement, or (ii) after the Service Agreement Termination Date it maintains, or causes to be maintained, insurance reasonably recommended by the Insurance Consultant, which recommendation shall be made in a written report to the Authority and the County not less often than once every five years. Subject to certain restrictions the Authority must procure and maintain, or cause to be procured and maintained, any additional insurance coverage related to the Authority Component requested by the County representative or required by Applicable Law that is available on commercially reasonable terms. In addition, the Authority has certain obligations relating to required insurance on the part of its consultants and subcontractors. The Authority may satisfy its own obligation to provide insurance coverage through its participation in the State self-insurance program.

The Company or Substitute Operator as the Authority's Provider of Waste Disposal Services Under the Waste Disposal Agreement (Section 2.5).

The County has acknowledged and agreed that:

(1) the Authority has entered into the Service Agreement with the Company to obtain the services of the Company to fulfill substantially all of the Authority's obligations to the County under the Waste Disposal Agreement other than the obligations of the Authority thereunder to administer and enforce the Service Agreement and any other obligation thereunder which is not dependent or expressly conditioned upon performance by the Company under the Service Agreement. Prior to the termination of the Service Agreement, the Company's performance of its obligations under the Service Agreement constitutes performance of all of the Authority's obligations under the Waste Disposal Agreement other than the obligations of the Authority thereunder to administer and enforce the Service Agreement and any other obligation thereunder which is not dependent or expressly conditioned upon performance by the Company under the Service Agreement;

(2) before the termination of the Service Agreement and pursuant to the Service Agreement, the Company has agreed, in the name, on behalf and in the place and stead of the Authority, to perform certain obligations of the Authority under the Waste Disposal Agreement, the Rail Transportation Agreement, the Facility Site Agreement, the Electricity Sales Agreement and certain other Authority Component Agreements;

(3) the Authority may, with the prior written approval of the County, except as provided in Section 6.4 of the Waste Disposal Agreement, procure one or more Substitute Operators and enter into Substitute Operator Agreements as may be necessary or appropriate to the continued operation of the Project or performance otherwise of the Company's obligations under the Service Agreement, provided that such agreements are consistent with Applicable Law, the Bond Documents and the performance of the Authority's obligations under the Waste Disposal Agreement;

(4) any Substitute Operator's performance of its obligations under any Substitute Operator Agreement constitutes performance of the Authority's obligations under the Waste Disposal Agreement other than the obligations of the Authority thereunder to administer and enforce Authority Component Agreements and any other obligation thereunder which is not dependent or expressly conditioned upon performance by any Substitute Operator under any Substitute Operator Agreement; and

(5) the performance by the Company or the Substitute Operator, as the case may be, on behalf of the Authority of the Authority's obligations under the Waste Disposal Agreement constitutes performance of such obligations by the Authority for all purposes thereof. The Authority will not be in default of any obligation under the Waste Disposal Agreement to cause (a) the Company to take any action despite the failure of the Company to take such action if the Authority is diligently enforcing the

provisions of the Service Agreement in accordance with the Waste Disposal Agreement and (b) the Substitute Operator to take any action despite the failure of the Substitute Operator to take such action if the Authority is diligently enforcing the provisions of the Substitute Operator Agreement in accordance with the Waste Disposal Agreement.

Limitation of Authority Payment Obligations to Bond Proceeds and Project Revenues (Section 2.6).

The liability of the Authority for any monetary payments with respect to, or as a result of, the Waste Disposal Agreement are not payable from the general funds of the Authority or any amounts received by the Authority in respect of the Administrative Fee or Authority Administrative Costs and the incurrence or nonperformance of such obligations or payments will 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 Authority or of its income, receipts or revenues, except Project Revenues and Bond proceeds available to pay such amounts under Applicable Law and the Bond Documents.

Authority Component Constitutes a Part of the System; No Responsibility of County With Respect to Facility (Section 2.7).

(A) The County acknowledges the Authority Component is necessary and desirable for the efficient operation of the Disposal System and for the provision of Disposal Services pursuant to the Master Authorization.

(B) The Waste Disposal Agreement constitutes a “Long Term Obligation” pursuant to the Master Authorization and is in compliance with the County Ten Year Plan.

(C) The County is not responsible, by reason of the execution and delivery of the Waste Disposal Agreement or any other reason whatsoever, and has not undertaken any responsibility, for the design, construction, installation, equipping, start-up, testing or operation of the Project or the ownership, operation or maintenance of the Facility, or for the acquisition, construction, operation or maintenance of any Alternate Disposal Facility (other than County owned or operated Alternate Disposal Facilities) and the County may not in any way be deemed to have incurred any liability to the Authority, the Company, the Trustee, any holder of Bonds or any other person whatsoever, with respect to any matters referred to above relating thereto; except that the County’s responsibilities with respect to the Designated Landfill will be set forth and governed by the Landfill Agreement and its obligations with respect to the Project Sites will be set forth and governed by the Facility Site Agreement. The parties acknowledge that the primary interest of the County in the Transfer Station or the Facility and in any Alternate Disposal Facility is in assuring the ability of the Authority to render the service to the County of providing the capacity for the acceptance, processing and disposal of all Acceptable Waste delivered to the Transfer Station for rail haul to the Facility in accordance with the Service Agreement or any Substitute Operator Agreement and, in the event and to the extent the Facility is not available to accept, process or dispose of such waste, providing for the acceptance and disposal of such waste at an Alternate Disposal Facility. The provisions of Section 2.7 of the Waste Disposal Agreement in no way limit the obligations of the County to pay the Waste Disposal Fee and all other amounts due under the Waste Disposal Agreement or any other Project Agreement to which the County is a party to the extent required under Article IV of the Waste Disposal Agreement and otherwise meet its obligations under the Waste Disposal Agreement.

Delivery of Waste (Section 3.1).

(A) *Designation of Authority Component.* In accordance with Section 5.11 of the Master Authorization and the County Ten Year Plan, the County designates and confirms the Authority Component as the central County solid waste acceptance facility for the disposal of non-recycled Acceptable Waste generated in the County (up to the amounts which the Authority is required to accept pursuant to the Waste Disposal Agreement). Nothing in the Waste Disposal Agreement requires the County to deliver to the Authority for disposal under the Waste Disposal Agreement any solid waste that the County recycles under any County program or to require any person to deliver recyclable materials to any place other than a County or County-approved recycling facility under such program.

(B) *Delivery Schedules and Procedures.* The County representative and the Authority representative agree to cooperate in the development of any annual operating plan pursuant to the Service Agreement and any Substitute Operator Agreement. Deliveries of Acceptable Waste to the Authority Component under the Waste Disposal Agreement must be consistent with the Service Agreement and any Substitute Operator Agreement and substantially in accordance with written procedures established by mutual consent of the parties.

(C) *County Activities at Transfer Station Site.* The County must conduct or cause to be conducted all public interface activities at the public drop-off facility located at the Transfer Station.

The County must operate and maintain road vehicle scales at the Transfer Station. The County must weigh all road vehicles (1) delivering waste to the Transfer Station (whether or not the Authority accepts the waste so delivered), or (2) removing waste, Residue or Recovered Materials from the Transfer Station, and complete a weight record with regard thereto.

If the permanent road vehicle scales at the Transfer Station are not working properly or are being tested, a “scale outage” will occur, and the County representative, the Authority representative and the Company Representative (or any authorized representative of any Substitute Operator appointed in accordance with any applicable Substitute Operator Agreement;

the “Substitute Operator Representative”) must reasonably estimate the quantity of waste delivered on the basis of truck volumes and historical information about the Authority, the County, the Company and the Designated Haulers.

The County must maintain daily records of the total tonnage of waste delivered to the Transfer Station for acceptance by the Authority, the tonnages of waste accepted by or on behalf of the Authority, the tonnages of Acceptable Waste disposed of by or on behalf of the Authority, the tonnages of Recovered Materials, Residue, Diverted Waste, Bypassed Waste and Nonprocessable Waste that is removed from the Transfer Station Site.

In accordance with Section 5.13 of the Master Authorization, the County must collect tipping and disposal fees from all Persons delivering waste to the Transfer Station by or on behalf of the County pursuant to the Waste Disposal Agreement. The County must operate and maintain facilities at the scale house for the collection of such amounts at the Transfer Station.

Provision of Disposal Service by Authority (Section 3.2).

(A) *Service Covenant.* Subject to the Authority’s rejection rights under the Waste Disposal Agreement, the Authority must provide or cause the provision of the service of disposing of all non-recycled Acceptable Waste delivered by or on behalf of the County pursuant to the Waste Disposal Agreement to the Transfer Station or an Alternate Disposal Facility, including the disposal of Residue from the processing of Acceptable Waste at the Facility. The Authority must do and perform all acts and things which may be necessary or desirable in connection with its obligation under this subsection, including without limitation all planning, development, administration, implementation, construction, operation, maintenance, management and contract work related thereto or undertaken in connection therewith. Notwithstanding the foregoing, the Authority is not obligated to accept more than 558,500 tons of Acceptable Waste in any Fiscal Year and, (1) before the Service Agreement Termination Date, any additional amount that the Company must accept pursuant to the Service Agreement and (2) after the Service Agreement Termination Date, any additional amount that a Substitute Operator must accept pursuant to a Substitute Operator Agreement. The foregoing obligations of the Authority constitute its Service Covenant.

(B) *Alternate Disposal Methods.* The Authority may carry out its Service Covenant through the Service Agreement or through the use of any other agreements with such persons (including, but not limited to, the County or any Substitute Operator) or the use of any such facilities, using such technologies and upon such terms and conditions as are consistent with Applicable Law and with prudent solid waste management practices. To the extent the Facility is not available at any time or for any reason (including failure by the Company to perform its obligations pursuant to the Service Agreement or any Substitute Operator to perform its obligations pursuant to any Substitute Operator Agreement) for the receipt and processing of Acceptable Waste that the Authority is required to accept under the Waste Disposal Agreement, the Authority must cause the Company and any Substitute Operator to provide for alternate disposal (if the Company or any Substitute Operator is obligated to provide such alternate disposal pursuant to the Service Agreement or any Substitute Operator Agreement, respectively) or the Authority must use Alternate Disposal Methods available for the disposal of such Acceptable Waste. The Authority must designate and may change from time to time the Alternate Disposal Facility, and must deliver written notice to the County representative of such designation or change. The Authority must exercise its best efforts to minimize the costs incurred in complying with the Service Covenant consistent with its responsibilities under the Waste Disposal Agreement and under the Service Agreement (including the enforcement thereof), other Authority Component Agreements and the Bond Documents, Applicable Law, and prudent solid waste management practice and environmental considerations.

(C) *County Disapproval of Alternate Disposal Methods.* Subject to the provisions of Section 6.4 of the Waste Disposal Agreement, the Authority must comply with any direction of the County representative with respect to the Alternate Disposal Method, including the use of an Alternate Disposal Method or Alternate Disposal Facility other than that proposed by the Authority, if the direction is in accordance with the Authority Component Agreements, the Bond Documents and Applicable Law.

(D) *Special Service.* In the event the County representative notifies in writing with reference to Section 3.2(D) of the Waste Disposal Agreement the Authority representative that an identified amount of Acceptable Waste generated in the County but outside the Collection and Disposal District is not being, or may not be, delivered to the Disposal System pursuant to Section 48-19 of the Montgomery County Code or otherwise despite the best efforts of the County pursuant to Section 5.11 of the Master Authorization to cause such Disposable Refuse to be so delivered, the Authority must cause the Company under the Service Agreement to use its best efforts to deliver or cause the delivery of Acceptable Waste generated in the County to the Authority Component on such terms and conditions and at such rates and charges as may best accomplish the mitigating result of reducing the rates and charges that the County would otherwise be required to impose pursuant to its Rate Covenant under Section 5.13 of the Master Authorization. Such notification by the County representative shall be deemed the acknowledgement by the County that the Waste Disposal Services offered by the County pursuant to its Service Covenant under Section 5.3 of the Master Authorization are no longer required with respect to that amount of Acceptable Waste so identified in such written notice and, in addition, such notification may specify any limits on the terms and conditions under which such waste is to be accepted.

Non-County Acceptable Waste (Section 3.5).

No Non-County Acceptable Waste may be accepted by the Authority at the Project or any other County owned facility, notwithstanding the periodic capacity of the Authority to accept such waste due to seasonal fluctuations in the delivery of Acceptable Waste.

Waste Delivered to the Facility (Section 3.6).

The County must not knowingly deliver, and must use all legal means reasonably available to prevent the delivery of, Unacceptable Waste to the Authority Component by any person.

The Authority must, in accordance with the Service Agreement or any Substitute Operator Agreement, as the case may be, remove and dispose of, or cause the removal and disposal of, all Unacceptable Waste and Hazardous Waste delivered to, and inadvertently accepted at, the Authority Component. All costs incurred by the Authority as a result of the delivery of Hazardous Waste are deemed to be costs and expenses incurred in providing Waste Disposal Services under the Waste Disposal Agreement, and constitute Operating Costs.

County Covenant For Benefit of Authority (Section 3.7).

The County agrees and covenants that so long as the Waste Disposal Agreement is in effect, the Authority is entitled to operate the Authority Component without undue interference or interruption and accordingly agrees not to take any action (or fail to take any action) which could adversely affect the Authority’s ability to enjoy the rights and benefits conferred upon the Authority, or to undertake its obligations in connection with the Authority Component, or any construction or operation activities thereon, and to cooperate with the Authority with respect to all matters affecting such enjoyment; provided, however, that this Section shall not be construed to (1) exempt the Authority from any provision of the Waste Disposal Agreement requiring compliance with Applicable Law or (2) preclude the County from enforcing Applicable Law. The passage by the County of any ordinance, local law or similar enactment having the force of law or enforcement of any existing law, ordinance or enactment which is (1) discriminatory in nature and adverse to the construction or operation of the Authority Component by the Authority or to the performance by the Authority of its obligations under the Waste Disposal Agreement or any Authority Component Agreement, (2) not a necessary or appropriate exercise of the police power sufficient to override and impair such County agreement and covenant for the benefit of the Authority and (3) not in respect and furtherance of the proviso of the sentence immediately preceding, will be deemed to be a breach of this provision.

County Pledge (Section 3.8).

In consideration of and as an inducement to the sale of the Bonds by the Authority at favorable interest rates, the County, to the extent permitted by law, pledges to and agrees with the holders of the Bonds that the County will not (a) limit or impair the rights hereby vested in the Authority to purchase, construct, maintain, operate, repair, improve, reconstruct, renovate, rehabilitate or dispose of the Authority Components, or any part or parts thereof, for which Bonds of the Authority have been issued, to fulfill the terms of any agreements made with the holders of the Bonds or with any public corporation or Person with reference to the Authority Component or part thereof, or in any way impair the rights and remedies of the Bondholders, until the Bonds, together with interest thereon, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged, and authorizes the Authority to include such pledge and agreement in the contract with the holders of the Bonds or (b) except to the extent provided in the Project Site Lease, the Waste Disposal Agreement, the Master Authorization and the Bond Documents, sell, mortgage, pledge, encumber or otherwise dispose of any part of the Disposal System.

Waste Disposal Fee (Section 4.1).

(A) *Payment of Waste Disposal Fee.* In consideration for the Authority’s obligations under the Service Covenant and all other services being rendered and obligations assumed by or on behalf of the Authority to the County under the Waste Disposal Agreement, throughout the term of the Waste Disposal Agreement the County must pay to the Authority the Waste Disposal Fee. If the County disputes any portion of the Waste Disposal Fee billed by the Authority it must nonetheless pay the entire amount of the Waste Disposal Fee so billed when due and subsequently resolve such dispute in accordance with Section 8.6 of the Waste Disposal Agreement.

(B) *Calculation of Waste Disposal Fee.* The Waste Disposal Fee is determined in accordance with the following formula:

$$DF = DS + FF + DC + AC + OC - PR$$

Where

DF = Waste Disposal Fee

DS = Debt Service

FF = Facility Fee

DC = Alternate Disposal Costs

AC = Authority Administrative Costs

OC = Operating Costs

PR = Authority Component Revenues

Each component of the Waste Disposal Fee must be computed in accordance with Section 4.1 of the Waste Disposal Agreement and may be adjusted from time to time as provided in the Waste Disposal Agreement. Although calculated by components, the Waste Disposal Fee is and must be considered to be a single annual fee.

(C) *Debt Service.* Debt Service (“Debt Service”) is an amount equal to (i) the amount of any principal of and premium, if any, and interest on the Bonds plus (ii) any amount required to be deposited into reserves, debt service funds or other funds established under the Indenture or other Bond Documents, or (iii) fees and expenses (including expenses of counsel) of the Authority, the Trustee, and any remarketing agent, letter of credit bank or other credit facility provider, and tender agent, if any, for the Bonds and administrative fees and expenses of the Authority under any Bond Documents; provided, however, that notwithstanding anything herein to the contrary, the County shall not be required to pay any amount with respect to any Designated Bond, as defined in Appendix D, Summary of Certain Provisions of the Indenture.

(D) *Facility Fee.* The Facility Fee (“Facility Fee”) is an amount equal to (1) any amounts required to be paid by the Authority to the Company under the Service Agreement, including, but not limited to, the Service Fee, any termination damages and other amounts payable thereunder and (2) any amounts required to be paid by the Authority to any Substitute Operator under any Substitute Operator Agreement.

(E) *Alternate Disposal Costs.* Alternate Disposal Costs (“Alternate Disposal Costs”) is an amount equal to all costs and expenses incurred by the Authority (other than such costs which are payable through the Facility Fee component) in connection with the handling, transportation, storage, treatment and disposal by Alternate Disposal Methods of Acceptable Waste.

(F) *Authority Administrative Costs.* Authority Administrative Costs (“Authority Administrative Costs”) is an amount equal to all reasonable administrative costs of the Authority attributable to the administration and enforcement by the Authority of its obligations under the Waste Disposal Agreement, including, but not limited to, the following: accounting, legal, engineering and other professional fees, including the fees of the Consulting Engineer required to be retained by the Authority pursuant to the Service Agreement or the Waste Disposal Agreement, the Independent Accountant, the Insurance Consultant; any fees, expenses or liabilities required to be paid by the Authority to any trustee, paying agent or fiduciary for the Bonds; and expenses related to the issuance of the Bonds. In the alternative, the Authority may charge an Administrative Fee, calculated by a method agreed to by the County representative and the Authority representative, which may be based on the performance of the Facility relative to certain quantitative goals, for which the County will not otherwise be charged for the following: (i) salaries of Authority employees and staff, including benefits; (ii) lease payments and overhaul for Authority equipment and office space at the principal office of the Authority and (iii) general accounting, legal, engineering and other professional fees of general consultants to the Authority for professional services rendered to all or substantially all members of the Authority. In addition to the foregoing, after the termination of the Service Agreement or the exercise by the County of the Authority Conduit Option, Authority Administrative Costs shall include an amount equal to the Company Contribution under the Service Agreement, unless the County has made arrangements satisfactory to the Authority for payment of such amount to the Authority by the Company or a Substitute Operator. Such Company Contribution shall be calculated in the manner provided in the Service Agreement notwithstanding the termination of the Service Agreement.

(G) *Authority Operating Costs.* Operating Costs (“Operating Costs”) is an amount equal to all amounts payable by the Authority pursuant to any Authority Component Agreement and any other costs of the Authority reasonably required and incurred in connection with the provision by the Authority of the operation and performance of the services required under the Waste Disposal Agreement including insurance premiums, taxes on the Authority Component or its activities hereunder, Project Site Lease payments, utilities (except to the extent such amounts are included in any other component of the Waste Disposal Fee).

(H) *Authority Component Revenues* means an amount equal to all revenues and other amounts received by the Authority from any source other than the County, derived from the Authority Component including without limitation material or energy sale revenues, investment income, fines and penalties, grants, indemnification and surety payments, insurance and condemnation proceeds otherwise unencumbered under the Bond Documents and any amounts paid to the Authority pursuant to any Authority Component Agreement (including damages paid thereunder); *provided, however,* that Authority Component Revenues must not include the Company Contribution paid to the Authority under the Service Agreement (or any similar payment required under any Substitute Operator Agreement, the Waste Disposal Fee or any other amount payable by the County under the Waste Disposal Agreement or any Authority Component Agreement, Bond proceeds or amounts required to be rebated by the Authority pursuant to the Code.

(I) *Adjustments to Components of Waste Disposal Fee.* During any Processing Capacity Reduction or Transfer Station Shutdown the components of the Waste Disposal Fee must be increased or decreased, as applicable, to reflect (1) the Authority’s reduced expenses of operation and maintenance, and (2) the amount of any increased or additional expenses of operation and maintenance of the Authority Component and providing the services rendered under the Waste Disposal Agreement caused by such Processing Capacity Reduction. During a Processing Capacity Reduction or Transfer Station Shutdown, the Authority must use reasonable efforts to minimize the expenses of operating and maintaining the Authority Component and providing the services rendered under the Waste Disposal Agreement.

County's Payment Obligations (Section 4.4).

(A) *Payment Irrespective of Waste Deliveries.* The County must pay the Authority the Waste Disposal Fee as provided under the Waste Disposal Agreement during the term of the Waste Disposal Agreement, whether or not the County delivers or causes to be delivered any waste to the Authority for disposal either at the Facility or by Alternate Disposal Methods.

(B) *County's Obligation to Pay the Waste Disposal Fee.* Subject to Section 4.4(C) of the Waste Disposal Agreement, the obligation of the County to pay the Waste Disposal Fee pursuant to Section 4.1 (A) of the Waste Disposal Agreement is absolute and unconditional and is not to be subject to delay or diminution by reason of setoff, abatement, counterclaim, existence of a dispute or otherwise and the County must take all such action as may be necessary to provide for the timely payment of the Waste Disposal Fee and all other amounts due under the Waste Disposal Agreement.

(C) *Limitation on County Payment Obligations to Amounts Available Under Master Authorization.* With respect to any provision of the Waste Disposal Agreement, the liability and obligations of the County for all monetary payments under the Waste Disposal Agreement are limited obligations of the County payable solely from amounts available for such purpose pursuant to the Master Authorization. The liability of the County for any such monetary payments with respect to the Waste Disposal Agreement must not obligate payment from the general fund of the County and the incurrence or nonperformance of such obligations, must 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 County or of its income, receipts or revenues, except amounts available pursuant to the Master Authorization.

(D) *Disputes.* If the County disputes any amount billed by the Authority in any billing statement, the County must nonetheless pay the billed amount and must provide the Authority with written objection within 30 days of the receipt of such billing statement (if the basis for the objection can be known within 30 days, otherwise within 30 days after actual knowledge of the basis for the objection) indicating the amount that is being disputed and providing all reasons then known to the County for its objection to or disagreement with such amount. If the County and the Authority are not able to resolve such dispute within 30 days after the County's objection, either party may pursue dispute resolution pursuant to Section 8.6 of the Waste Disposal Agreement.

Processing Capacity Reductions and Transfer Station Shutdowns; Notice (Section 5.1).

The Authority must immediately advise the County representative by telephone, as soon as possible after becoming aware of such condition, of any Processing Capacity Reduction or Transfer Station Shutdown, its effect on the Authority's ability to perform its obligations under the Waste Disposal Agreement and under any Energy Sales Agreement and the other Authority Component Agreements, and the Authority's best estimate of its probable duration and impact on the Waste Disposal Fee. The Authority must confirm such advice in writing within 24 hours. The Authority must use the Designated Landfill or Alternate Disposal Methods and Alternate Disposal Facilities to the extent necessary to perform its obligation to accept and dispose of Acceptable Waste under the Waste Disposal Agreement and must use best efforts to resume normal operation of the Authority Component as soon as possible. Following any Processing Capacity Reduction or Transfer Station Shutdown, the Authority must, upon the request of the County representative, provide the Consulting Engineer with such information as is necessary for the Consulting Engineer to determine the cause of the Processing Capacity Reduction or Transfer Station Shutdown and to make its estimate of when the Processing Capacity Reduction or the Transfer Station Shutdown will end.

Authority Operations During a Processing Capacity Reduction or Transfer Station Shutdown (Section 5.2).

During a Processing Capacity Reduction the Authority must continue to accept and dispose of waste delivered under the Waste Disposal Agreement and must Process as much of the Processible Waste delivered as possible. Subject to the Authority's rejection rights in Sections 3.2(A) and 3.6 of the Waste Disposal Agreement, during a Transfer Station Shutdown the Authority must continue to accept as much of the Acceptable Waste delivered as possible at the Transfer Station and waste that the Authority cannot accept at the Transfer Station must be delivered by or on behalf of the Authority at the Designated Landfill or an Alternate Disposal Facility. The components of the Waste Disposal Fee must be adjusted pursuant to Section 4.1(B) of the Waste Disposal Agreement as applicable to account for the impact of any Transfer Station Shutdown or Processing Capacity Reduction. During a Processing Capacity Reduction or Transfer Station Shutdown the Authority must use reasonable efforts to minimize the expenses of operating and maintaining the Authority Component and providing the services rendered under the Waste Disposal Agreement.

Changes Necessitated by Uncontrollable Circumstances (Section 5.3).

(A) *General.* Each party hereto shall be excused for its failure to perform in accordance with the Waste Disposal 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 any party from performing any obligation to make any payment hereunder in accordance with the terms thereof. Any date by which an obligation under the Waste Disposal Agreement must be performed shall be extended to a date reasonably necessary to allow for the delay in performance caused by the Uncontrollable Circumstance. Each party shall seek diligently and in good faith to overcome or remove such Uncontrollable Circumstance.

(B) *Capacity Maintenance Change.* The Authority must make or cause to be made all Capacity Maintenance Changes.

(C) *Notice.* As soon as possible after becoming aware of an Uncontrollable Circumstance, the Authority or the County, as the case may be, must give to the other party's representative and the Consulting Engineer a statement describing the Uncontrollable Circumstance and its cause (to the extent known by the Authority), and, with respect to the Authority, a description of the conditions (1) requiring the use of Alternate Disposal Methods or Alternate Disposal Facilities or (2) delaying the performance of the Authority's obligations, an estimate of the costs of any Capacity Maintenance Change ("Additional Capital Investment") or other additional costs required to enable the Authority to perform its obligations under the Waste Disposal Agreement, and the estimate of the increase in the Waste Disposal Fee resulting from such costs. The amount of such Additional Capital Investment for any Capacity Maintenance Change due to an Uncontrollable Circumstance or required to enable the Authority to perform its obligations under the Waste Disposal Agreement, the Bond Documents and the other Authority Component Agreements, without resort to Alternate Disposal Methods or Alternate Disposal Facilities, must equal the reasonable Capital Costs and expenses for repair, restoration, modification or maintenance incurred by the Authority for the repair, replacement or restoration of, or addition to, any portion of the Authority Component necessitated by such Uncontrollable Circumstance that have not been paid from insurance proceeds or by the County or third parties.

(D) *Consultation with County.* The Authority must consult with and answer any inquiries of the County representative and the Consulting Engineer regarding the conditions caused by the Uncontrollable Circumstance or the performance standards for the Project, or to enable the Authority to perform its obligations under the Waste Disposal Agreement, the Bond Documents and the other Authority Component Agreements without resort to Alternate Disposal Methods or Alternate Disposal Facilities.

Authority Refusal Rights (Section 5.4).

The Authority may reject deliveries of (1) Hazardous Waste, (2) Unacceptable Waste, (3) waste that is delivered in violation of reasonable rules and regulations of the Authority adopted in accordance with the Waste Disposal Agreement, (4) waste of types not accepted by the County at the Transfer Station as of June 1, 1990, (5) waste delivered outside of receiving hours and (6) any waste in excess of 2,750 tons during any 24-hour period, in excess of 15,750 tons in any seven consecutive days, in excess of 47,880 tons in any 28-day period and (7) waste in excess of 558,500 tons per year.

Authority Component Agreements (Section 6.1).

Except as provided in Section 6.4 of the Waste Disposal Agreement, the Authority must not execute or amend any Authority Component Agreements without the prior written approval of the County representative. The Authority must use reasonable efforts to include a provision in such Authority Component Agreement which states that the County is a third party beneficiary of such Authority Component Agreement and, in connection with consulting agreements, to include indemnification provisions in favor of the County. The Authority must diligently and in a timely manner perform all of its obligations under all of the Authority Component Agreements and the Authority must diligently enforce and manage the Authority Component Agreements.

Changes in Design, Construction or Operation (Section 6.2).

(A) *Changes Required to be Undertaken by Authority.* Subject to Section 6.2(C), the Authority must make any Change necessary to enable the Authority to (i) comply with Applicable Law, (ii) meet its obligations under the Waste Disposal Agreement or any Authority Component Agreements or Bond Documents; or (iii) avoid a default by the Authority under any Authority Component Agreement or Bond Document.

(B) *Changes at County Request.* At the County representative's request, the Authority must make any reasonable Change to the Authority Component or the Authority's operations with regard to the Authority Component that are conducted or are to be conducted on the Authority Component Sites or public roads that are permitted by the Bond Documents

(C) *Conditions.* The Authority will not be required to make any change pursuant to Sections 6.2(A), 6.2(B) or 5.3(B) unless (1) sufficient funds are available pursuant to the provisions of Section 7.4 of the Waste Disposal Agreement to provide for the payment of Capital Costs and related costs of the Change, (2) the County consents to the amendment of the Waste Disposal Agreement or any other Authority Component Agreement or Bond Document to waive or modify any obligations of the Authority that the Authority cannot perform because of the change or modification of the Authority's operations, (3) the Waste Disposal Fee is adjusted by any reasonable increases or decreases in the operating costs incurred by the Authority because of the Change or modification of the Authority's operations, (4) the County pays all penalties, rebates, increased or accelerated charges and any other costs payable by the Authority under the Authority Component Agreements and the Bond Documents because of the effect of the Change or modification of the Authority's operations, (5) the County provides any information in the County's control concerning the proposed Change or modification of the Authority's operations that the Authority reasonably requests and (6) such Change is permitted under the Master Authorization and the Bond Documents, and pursuant to Applicable Law. Notwithstanding the foregoing sentence, prior to the Service Agreement Termination Date, the Authority is not required to make any Changes to the Project which the Company is not obligated to make pursuant to the Service Agreement, and, after the

Service Agreement Termination Date, the Authority is not required to make any Changes to the Project which any Substitute Operator is not obligated to make pursuant to any Substitute Operator Agreement.

County Approval Rights over Authority Activities and Expenses (Section 6.3).

(A) The County generally has the right to direct the Authority's actions relating to disputes under Authority Component Agreements.

(B) The Authority must not exercise any Discretionary Right without the prior consent of the County.

(C) The Authority must exercise any rights which it has under the Authority Component Agreements at the direction of the County provided that the exercise of such rights is consistent with the Authority Component Agreements, the Bond Documents and Applicable Law.

Authority Right to Take Certain Actions to Avoid Default (Section 6.4).

Notwithstanding the provisions of Article VI of the Waste Disposal Agreement, or 3.2(C) or 7.7 of the Waste Disposal Agreement, the Authority may, without the prior written consent of the County, take any action (or refrain from taking any County directed action) which is necessary to continue to perform its obligations under the Service Covenant or otherwise to avoid any default (or to remedy any condition, which with the passage of time or giving of notice would constitute a default) under the Authority Component Agreement or the Bond Documents, including the exercise of Discretionary Rights. To the extent practicable in light of the time period available prior to the occurrence of the default which the Authority seeks to avoid by taking the action, the Authority must consult with the County prior to taking such action. The Authority must consider any alternatives proposed by the County to avoid such default. Prior to taking any such action pursuant to the Waste Disposal Agreement, the Authority must deliver to the County representative a certificate of the Consulting Engineer stating that, in its opinion (1) failure to take such action will materially adversely affect the ability of the Authority to meet its obligations under the Waste Disposal Agreement, (2) the alternatives proposed by the County, if any, are not viable for the purpose of avoiding the material adverse effect which will result from the failure to take the proposed action, and (3) the proposed action is consistent with sound solid waste management practices, the Authority Component Agreement, Bond Documents and Applicable Law. If the Authority delivers the certificate, its proposed action does not require County consent.

Termination for Convenience of Service Agreement (Section 6.5).

(A) *County Right to Require Authority to Terminate Service Agreement and any Substitute Operator Agreement for Convenience.* The County may direct the Authority to exercise its rights under (1) the Service Agreement to terminate the Service Agreement (a) for convenience pursuant to Section 11.4(c), 11.6 or 11.7 of the Service Agreement or (b) pursuant to Section 7.3(h) of the Service Agreement, or (2) any Substitute Operator Agreement to terminate such Substitute Operator Agreement for convenience pursuant to the applicable provisions of such Substitute Operator Agreement, in either case by providing the Authority with notice thereof and providing any funds required in connection with such termination pursuant to the Service Agreement or such Substitute Operator Agreement, as the case may be. Upon such termination of the Service Agreement or any Substitute Operator Agreement, the County shall advise the Authority as to whether the County intends to continue operations at the Facility or discontinue operations at the Facility. The Authority and the County shall have the respective rights and obligations set forth in paragraphs (B) and (C) of this Section in connection with any such termination.

(B) *Continuance of Operations at Facility.* In the event the County requires the Authority to terminate the Service Agreement for convenience pursuant to Section 11.4(c) or 11.6 thereof, or pursuant to Section 7.3(h) thereof, or any Substitute Operator Agreement for convenience pursuant to the applicable provisions thereof and intends to continue operations at the Facility the County must either (1) require the Authority to enter into a Substitute Operator Agreement, or (2) exercise the Authority Conduit Option. The Authority may require the County to purchase the Authority Component pursuant to Section 9.3 in connection with the exercise by the County of the Authority Conduit Option.

(C) *Abandonment of Project.* In the event the County requires the Authority to terminate the Service Agreement for convenience pursuant to Section 11.4(c) or 11.6 thereof, or pursuant to Section 7.3(h) thereof, or any Substitute Operator Agreement for convenience pursuant to the applicable provisions thereof and intends to discontinue operations at the Facility, the County will be deemed to be exercising its rights to terminate the Waste Disposal Agreement for convenience, and the provisions of Section 8.4 will apply. The Authority may require the County to purchase the Authority Component pursuant to Section 9.3.

Other Termination of Service Agreement (Section 6.6).

The County may direct the Authority to terminate the Service Agreement pursuant to Section 11.4(a), 11.5 or 11.7(d) thereof or any Substitute Operator Agreement pursuant to the applicable provisions thereof by providing the Authority with notice thereof and providing any funds required in connection with such termination under the Service Agreement or such Substitute Operator Agreement, as the case may be. If the Authority terminates the Service Agreement by exercise of a Discretionary Right pursuant to Section 6.3(B) with the consent of the County, such termination will be treated as a termination for convenience by the County. Upon any such termination of the Service Agreement or any Substitute Operator Agreement, the County shall advise the Authority as to whether the County intends to continue operations at the Facility or discontinue operations at the Facility. In the event the County intends to continue operations at the Facility, the County must either (A)

require the Authority to enter into a Substitute Operator Agreement, or (B) exercise the Authority Conduit Option. In the event the County intends to discontinue operations at the Facility, the County will be deemed to be exercising its rights to terminate the Waste Disposal Agreement for convenience, and the provisions of Section 8.4 will apply. In either of such events, the Authority may require the County to purchase the Authority Component pursuant to Section 9.3 in connection with the exercise by the County of the Authority Conduit Option.

Company and Bondholder Benefit Provisions (Section 7.2).

(A) *Company.* The County acknowledges that the performance by the Authority of its obligations under the Service Agreement and any Substitute Operator Agreement depends upon the performance by the County of its obligations under the Waste Disposal Agreement and agrees that the Company and any Substitute Operator (if so provided in the applicable Substitute Operator Agreement) is a third party beneficiary of the Waste Disposal Agreement including the Master Authorization. The Authority and the County further acknowledge and agree that (i) the Waste Disposal Agreement and (ii) to the fullest extent permitted by law, the County Ten Year Plan, Section 48-44 of the Solid Waste Act and the provisions of the Solid Waste Act that enable the County to establish and maintain the Collection and Disposal District and establish and collect disposal charges or other fees for the provision of waste disposal services, may not be amended or modified in any manner which materially and adversely affects the Company's interests under the Service Agreement or any Substitute Operator's interest under any Substitute Operator Agreement without the prior written consent of the Company or the Substitute Operator, respectively. Notwithstanding any other provision of the Waste Disposal Agreement, in the event of termination by the County of the Waste Disposal Agreement pursuant to the provisions of the Waste Disposal Agreement, County must assume the obligations of the Authority under the Service Agreement so long as no Event of Default thereunder by the Company has occurred and is continuing or under any Substitute Operator Agreement so long as no default thereunder by the Substitute Operator has occurred and is continuing. In such event the Authority must assign the Service Agreement to the County.

(B) *Bondholder.* The County and the Authority acknowledge that the holders of any Bonds issued by the Authority pursuant to the Waste Disposal Agreement are third party beneficiaries of the Waste Disposal Agreement including the Master Authorization; provided, however, any consent by the Authority to an amendment or modification of the Waste Disposal Agreement shall be deemed consent of the holders of any such Bonds. Notwithstanding any other provisions of the Waste Disposal Agreement, in the event of termination by the County of the Waste Disposal Agreement pursuant to the provisions of the Waste Disposal Agreement, the County must pay the termination costs and take the other actions described in Section 8.4(C), unless the County exercises the Authority Conduit Option as provided in Section 8.4(B).

Financing and Offering Materials (Section 7.3).

(A) *Consent of County Generally Required for Financing.* The Authority must not finance or refinance any Capital Costs by the issuance of Bonds or otherwise without notifying the County and giving it reasonable opportunity to review and comment on any official statement, prospectus or other disclosure documents distributed in connection with the offering of debt or equity to finance or refinance such costs. Except as provided under Section 7.4 of the Waste Disposal Agreement, the Authority must not create any obligation that increases Debt Service without the prior written consent of the County.

(B) *Refinancing at Direction of County.* Upon the direction of the County and to the extent permitted by Applicable Law and the Bond Documents, the Authority must use reasonable efforts to refinance any outstanding Bonds that are taken into account in the determination of Debt Service using the method of refinancing suggested in writing by the County, if (1) the related financing agreements do not impose operating restrictions or financial or other covenants or restrictions on the Authority that are more burdensome than those contained in the Bond Documents, (2) the refinancing does not violate the provisions of the Bond Documents, the Authority Component Agreements or Applicable Law, and (3) the County reimburses the Authority for its expenses incurred in connection with the refinancing that are not paid from the proceeds of the refinancing.

Additional Financing (Section 7.4).

(A) Unless the Authority representative and the County representative otherwise agree, any Additional Capital Investment in connection with any Capacity Maintenance Change to the Authority Component undertaken pursuant to Section 5.3(A) of the Waste Disposal Agreement and any Capital Costs necessary for the Authority to undertake its obligations under the Waste Disposal Agreement must be paid for as follows:

First, to the extent permitted by Applicable Law and the Bond Documents, from the proceeds of any available insurance, payments by third parties and any condemnation proceeds of awards available therefor;

Second, to the extent permitted by Applicable Law and the Bond Documents, from any applicable reserves for contingencies established pursuant to the Bond Documents or other available funds under the Bond Documents;

Third, from the proceeds of Authority Additional Bonds pursuant to subsection 7.4(B) of the Waste Disposal Agreement; and

Fourth, from moneys or capital made available by the County pursuant to the Master Authorization; provided, however, the County may direct the Authority to cause the Company to provide financing in accordance with Section 9.5(d) of the Service Agreement.

(B) If additional financing for any Capital Cost of the Authority is required by the Waste Disposal Agreement, the Bond Documents, the Authority Component Agreements or the County, the Authority must use best efforts, to the extent permitted by Applicable Law and the Bond Documents, to cause to be issued and sold Authority Additional Bonds in an amount sufficient to pay the amount of such Capital Cost, together with any other costs associated with the issuance of such Bonds, less any moneys made available by the County, if any, with respect to such cost upon and subject to terms and conditions contained in the Bond Documents. The term of such Authority Additional Bonds must not be greater than the shorter of (i) the useful life of the assets acquired with the proceeds of such Bonds or (ii) the then remaining useful life of the Authority Component, as improved, or (iii) the remaining term of the Waste Disposal Agreement. In no event will the Authority's inability to issue, or cause such Authority Additional Bonds to be issued, constitute a default or Event of Default under the Waste Disposal Agreement. Notwithstanding the foregoing, the Authority may not issue any Authority Additional Bonds for any reason without the prior written consent of the County.

(C) If the Authority is unable to issue or cause to be issued Authority Additional Bonds to finance any Capital Cost, or the County does not consent to the issuance of Authority Additional Bonds, the County must provide or cause to be provided moneys, letters of credit or other assurances satisfactory to the Authority sufficient to pay or provide for the payment of the full amount of such Capital Costs. If the County fails to provide such moneys, letters of credit or other assurances satisfactory to the Authority, the County will be deemed to consent to the issuance of Authority Additional Bonds pursuant to subsection 7.4(B) of the Waste Disposal Agreement.

(D) After the financing for any Capital Cost described in Section 7.4(A) or 7.4(B) of the Waste Disposal Agreement, the Debt Service component of the Waste Disposal Fee will increase to include the debt service to be paid during each Fiscal Year with respect to any Authority Additional Bonds issued by the Authority to finance such Capital Costs and related costs.

Breach (Section 8.1).

(A) The parties agree that in the event either party breaches any obligation under the Waste Disposal Agreement or any representation made by either party thereunder is untrue in any material respect, the other party shall have the right to take any action at law or in equity (including actions for injunctive relief, mandamus and specific performance) it may have to enforce the payment of any amounts due or the performance of any obligations to be performed thereunder. Neither party shall have the right to terminate the Waste Disposal Agreement except as provided in Section 8.2 of the Waste Disposal Agreement and with respect to the County, Section 8.4 of the Waste Disposal Agreement.

(B) In no event, whether based upon contract, tort or otherwise arising out of the performance or nonperformance by the Authority or the County of any obligation of the Authority or the County under the Waste Disposal Agreement, will the Authority or the County be liable or obligated in any manner to pay special, consequential or indirect damages, or any other amount, except as specifically provided in the Waste Disposal Agreement.

Termination for Default (Section 8.2).

(A) *By Authority.* The Authority has no right to terminate the Waste Disposal Agreement for any reason whatsoever, except if one or more of the following default events happens:

1. if default is made in the payment of all or any portion of the Waste Disposal Fee when due and such default shall continue for a period of 30 days;
2. if default is made by the County in the performance or observance of any covenant, agreement or condition on its part provided in the Waste Disposal Agreement (other than a default described in clause (1) above), and such default continues for a period of 90 days after written notice thereof has been given to the County by the Authority, provided that if such default cannot be remedied within such 90-day period it will not constitute a basis for termination under the Waste Disposal Agreement if corrective action is instituted by the County within such period and diligently pursued until the default is remedied; or
3. if the County files a petition or otherwise seeks relief under any federal or state bankruptcy or similar law with respect to the County or the Solid Waste Collection and Disposal Fund;
4. if an Event of Default under the Master Authorization occurs.

(B) *Accounting and Examination of Records After Default.* The County covenants that if a default event has happened and has not have been remedied, the books of records and accounts of the County and all other records relating to the Solid Waste Management Contracts, the Solid Waste Collection and Disposal Fund and the Disposal System will at all times be subject to the inspection and use of the Authority and of its agents and attorneys, including the Consulting Engineer. The County covenants that if a default event happens and has not been remedied, the County, upon demand of the Authority, will account as if it were the trustee of an express trust, for all County Disposal System Revenues and other moneys, securities and funds pledged or held under the Waste Disposal Agreement for such period as shall be stated in such demand.

(C) Proceedings Brought by Authority.

1. If a default event happens and has not been remedied, then and in every such case, the Authority may proceed to protect and enforce its rights under the Waste Disposal Agreement by a suit or suits in equity or at law, whether for the specific performance of any covenant therein contained, or in aid of the execution of any power therein granted, or for an accounting against the County as if the County were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Authority, being advised by counsel, may deem most effectual to enforce any of its rights, or to perform any of its duties under the Waste Disposal Agreement.

2. Upon the occurrence of a default event, by suit, action or proceedings in any court of competent jurisdiction, the Authority will be entitled to terminate the Waste Disposal Agreement and to be appointed the, or to obtain the appointment of a, receiver of the moneys, securities and funds then held by the County in the Solid Waste Collection and Disposal Fund pledged under the Master Authorization in respect of payments to the Authority under the Waste Disposal Agreement or subject to its rights thereunder and of the Revenues payable to such Fund, with all such powers as the court making such appointment shall confer. Subject to compliance with the County Ten Year Plan and so long as such receiver shall provide, or cause to be provided, disposal service to the Collection and Disposal District (subject to payment therefor for such service) such receiver (i) may operate and maintain the Project, (ii) charge, collect and receive such Revenues, and (iii) use such other components of the Disposal System as necessary or appropriate to permit the Facility to operate at its capacity, including the right to use the County Landfill upon payment of Landfill Fees under the Landfill Agreement and payment of such charges, if any, for use of any other component; provided, however, in no event will the County Landfill be used for the purpose of disposing of nonprocessed waste emanating from sources outside the County except as provided in the Landfill Agreement. Such receiver will be entitled to charge the Collection and Disposal District a per-ton fee at the higher of a per-ton rate calculated to recover all components of the Waste Disposal Fee and the short term spot market prices that the receiver can charge at the time.

3. For the purpose of Section 8.2(C) of the Waste Disposal Agreement, the Authority expressly acknowledges that payment for Waste Disposal Service through the Disposal System of waste generated by County owned facilities shall be subject to annual appropriation and accordingly the Authority will not be obligated to provide such service if such appropriations shall not have been made. Further, and notwithstanding any other provision of the Waste Disposal Agreement to the extent contradictory or inconsistent therewith, the County expressly acknowledges that such contract is executed, approved and authorized as a multi-year contract with the Authority in full compliance with and in reliance upon Section 48-44 of the Solid Waste Act and accordingly, with respect to its payment obligations pursuant to Section 4.4 thereof, for services rendered by the Authority with respect to the Collection and Disposal District and payable from the Revenues for Disposal Services, the provisions of said Section 48-44 requiring annual appropriations do not apply.

(D) *Remedies Not Exclusive.* No remedy by the terms of the Waste Disposal Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Waste Disposal Agreement or provided at law or in equity or by statute.

(E) *By County.* The County has no right to terminate the Waste Disposal Agreement for cause except if one or more of the following events happens:

1. the repeated failure or refusal by the Authority substantially to perform any material obligation under the Waste Disposal Agreement (including complying with its Service Covenant); except that no such failure or refusal will give the County the right to terminate the Waste Disposal Agreement for cause unless:

(a) The County has given prior written notice to the Authority stating that a specified failure or refusal to perform exists which will, unless corrected, constitute a material breach of the Waste Disposal Agreement on the part of the Authority and which will, in its opinion, give the County the right to terminate the Waste Disposal Agreement for cause under this subsection unless such breach is corrected within a reasonable period of time, and

(b) The Authority has neither challenged in an appropriate forum the County's conclusion that such failure or refusal to perform has occurred or constitutes a material breach of the Waste Disposal Agreement nor corrected or diligently taken steps to correct such breach within a reasonable period of time but not more than 90 days from the date of the notice given pursuant to clause (a) of this subsection (but if the Authority has diligently taken steps to correct such breach within a reasonable period of time, the same shall not constitute a breach giving rise to the right of termination for as long as the Authority is continuing to take such steps to correct such breach).

2. The Authority files a petition or otherwise seeks relief under any federal or state bankruptcy or other similar law with respect to its obligations under the Waste Disposal Agreement, any Authority Component Agreements or the Bond Documents.

(F) *Accounting and Examination of Records After Default.* The Authority covenants that if a default event has happened and has not been remedied, the books of records and accounts of the Authority and all other records relating to the Authority Component, the Authority Component Agreements and the Authority Component Revenues will at all times be subject to the inspection and use of the County and of its agents and attorneys, including the Consulting Engineer. The Authority covenants that if a default event has happened and has not been remedied, the Authority, upon demand of the County, will account as if it were the trustee of an express trust, for all moneys, securities and funds pledged or held under any Authority

Component Agreement for such period as is stated in such demand, subject in all cases to the Bond Documents, the Service Agreement and Section 7.2 of the Waste Disposal Agreement.

(G) *Proceedings Brought by County.*

1. If a default event happens and has not been remedied, then and in every such case, the County may proceed to protect and enforce its rights under the Waste Disposal Agreement by a suit or suits in equity or at law, whether for the specific performance of any covenant therein contained, or in aid of the execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the County, being advised by counsel, may deem most effectual to enforce any of its rights or to perform any of its duties under the Waste Disposal Agreement.

2. Upon the occurrence of a default event, by suit, action or proceedings in any court of competent jurisdiction, the County shall be entitled to terminate the Waste Disposal Agreement. Any such termination will be deemed to be a termination for convenience and the provisions of Section 8.4 of the Waste Disposal Agreement shall apply.

(H) *Remedies Not Exclusive.* No remedy under the terms of the Waste Disposal Agreement conferred upon or reserved to the County is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Waste Disposal Agreement or provided at law or in equity or by statute.

Termination for Convenience or at End of Term (Section 8.4).

(A) Notwithstanding any other provision of the Waste Disposal Agreement to the contrary, the County may terminate its obligations to the Authority under the Waste Disposal Agreement for convenience at any time after the date hereof by (i) giving the Authority 180 days' notice of such termination, (ii) providing all funds necessary to defease the Bonds in accordance with Article IX of the Trust Indenture and (iii) paying the Termination Costs described in Section 8.4(C) and complying with Section 7.2(A); provided, however, that the County may at any time exercise the Authority Conduit Option.

(B) 1. In any circumstance in which the County may terminate the Waste Disposal Agreement (a) on the same terms and conditions as a termination for convenience pursuant to Section 8.2(G) or (b) for convenience pursuant to Section 8.4, the County may, at its option, not terminate the Waste Disposal Agreement, assume the Authority's rights and obligations under the Authority Component Agreements (other than the Bond Documents), have the Bonds remain Outstanding (as defined in the Trust Indenture), and continue through payment by the County of the Waste Disposal Fee to provide for the payment of the principal of and premium, if any, and interest on the Bonds, as provided in this paragraph (the "Authority Conduit Option").

2. The County may exercise the Authority Conduit Option by including a statement to such effect in the notice required to be given to the Authority pursuant to Section 8.4(A) at least 180 days' prior to termination.

3. It is a condition precedent to the exercise by the County of the Authority Conduit Option that each of the following events occurs:

- (a) The County and the Authority enter into valid and binding agreements, reasonably satisfactory to the County and the Authority, whereby the County irrevocably assumes all of the rights and obligations of the Authority, or all liabilities and obligations of the Authority are terminated without cost, liability or expense to the Authority, under the Authority Component Agreements (other than the Bond Documents) and any other contracts relating to the Authority Component.
- (b) In addition to any amendments to the Waste Disposal Agreement required pursuant to clause (a) above, the County and the Authority enter into valid and binding amendments to, or releases of obligations of the Authority under, the Waste Disposal Agreement, reasonably satisfactory to the County and the Authority, whereby, among other things, the Facility Fee, Alternate Disposal Costs, Authority Operating Costs and Authority Component Revenues components of the Waste Disposal Fee are eliminated from the Waste Disposal Fee or are modified, as applicable, to reflect the assumption of the obligations of the Authority by the County under the Authority Component Agreements, it being recognized that the Authority and the County may determine to continue to utilize the Authority and the Trustee for the purpose of collecting and disbursing payments from the County relating to such components.
- (c) Receipt by the Authority and the County of evidence reasonably satisfactory to each of them that the manner in which the Authority Conduit Option is implemented is not inconsistent with the terms of the Trust Indenture and will not adversely affect the rating at such time assigned by any Rating Agency (as defined in the Trust Indenture) to any Bonds.

- (d) Receipt by the County and the Authority of evidence reasonably satisfactory to each of them that all approvals required to implement the Authority Conduit Option have been given.
- (e) Receipt by the County and the Authority of an opinion of counsel to the County, reasonably satisfactory to the Authority, to the effect that all agreements entered into by the County in connection with the Authority Conduit Option have been duly authorized, executed and delivered by the County and constitute valid and binding obligations of the County, and as to such other matters the County or the Authority may reasonably request.
- (f) Receipt by the County and the Authority of an opinion of Bond Counsel (as defined in the Trust Indenture) to the effect that the exercise by the County of the Authority Conduit Option will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds (as defined in the Trust Indenture) theretofore issued, and as to such other matters the County or the Authority may reasonably request.
- (g) Receipt by the Authority of an amount equal to the sum of (i) items 1, 2, 3 and 4 of Section 8.4(C), provided the County has not previously paid, or made arrangements satisfactory to the Authority for the payment of such items by the assumption of the obligations of the Authority under the Authority Component Agreements (other than the Bond Documents) or otherwise, and (ii) any other costs or expenses reasonably incurred or to be incurred by the Authority as a result of or in connection with the exercise by the County of the Authority Conduit Option.

4. The Waste Disposal Agreement will remain in effect without any change in the event that on the date which is 180 days following the notice provided in clause 2. of this paragraph, any of the conditions precedent to the exercise by the County of the Authority Conduit Option has not been satisfied, and the County and the Authority must continue to perform their respective obligations and exercise their respective rights under the Waste Disposal Agreement as if the notice of the County to the Authority exercising the Authority Conduit Option had not been given.

5. The County may exercise the purchase option with respect to the Authority Component set forth in Section 9.3 in connection with its exercise of the Authority Conduit Option.

(C) Termination Costs. Subject to Section 8.4(B), upon the termination of the Waste Disposal Agreement for convenience pursuant to this Section or at the expiration of the Waste Disposal Agreement in accordance with its terms, (i) the County must take any and all steps within its control that are necessary to assist the Authority in terminating the Authority's obligations, if any, under the Authority Component Agreements and the Bond Documents and (ii) the County and the Authority must agree upon and the County must pay to the Authority an amount equal to the sum of the following, provided the County has not previously paid, or made arrangements satisfactory to the Authority for the payment of such costs:

1. All reasonable and necessary costs and liabilities incurred by the Authority and associated with settling and paying termination claims under the Authority Component Agreements and other agreements entered into by the Authority with respect to the Authority Component and its performance by the Authority of its obligations under the Waste Disposal Agreement.

2. All reasonable and necessary storage, transportation, and other costs incurred by the Authority for the preservation, protection, or disposition of Authority Component equipment, materials and facilities.

3. All reasonable and necessary costs incurred by the Authority for any accounting, clerical or other expenses reasonably necessary for the preparation of termination settlement documents and supporting data.

4. All reasonable and necessary costs incurred by the Authority in terminating the operation of the Authority Component, including any severance pay and other reasonable and necessary costs incurred in terminating employees.

5. Any payments or other charges due and payable by the Authority under the Service Agreement and any Substitute Operator Agreement, the Facility Site Agreement, the Energy Sales Agreement or any other Authority Component Agreements that are incurred or payable as a result of the termination of the Waste Disposal Agreement.

6. Any other costs or expenses incurred or to be incurred by the Authority as a result of the termination of the Waste Disposal Agreement. Such costs include, without limitation, any costs or expenses necessary to decommission and raze the Facility in accordance with Applicable Law and the Authority Component Agreements and any costs or expenses reasonably necessary to avoid a default by the Authority under any Authority Component Agreement, Bond Document or other agreement relating to the Authority Component that remains in effect, in whole or in part, after the date of the notice of termination.

(D) In arriving at the amount due to the Authority under Section 8.4 of the Waste Disposal Agreement, there will be deducted all unliquidated advance or other payments on account theretofore made to the Authority by the County that are applicable to the terminated portion of the Waste Disposal Agreement.

Term (Section 9.1).

The Waste Disposal Agreement is in effect from its date and, unless sooner terminated in accordance with its terms, must continue in effect until the earlier of (i) the final maturity date of the Bonds and (ii) the date on which all of the Bonds are defeased in accordance with the terms thereof

Renewal (Section 9.2).

Unless at least 180 days before the end of the initial term of the Waste Disposal Agreement and, if applicable, the end of the first renewal period, (1) the County gives the Authority written notice stating it does not want the term of the Waste Disposal Agreement to extend or (2) the Authority gives the County written notice stating it does not want the term of the Waste Disposal Agreement to extend, the Waste Disposal Agreement must automatically extend for two additional terms of 5 years at a Waste Disposal Fee calculated and paid as provided in Article IV of the Waste Disposal Agreement.

Sale of Authority Component (Section 9.3).

(A) *County Purchase Right.* Upon the expiration of the Waste Disposal Agreement in accordance with its terms, or upon any termination of the Waste Disposal Agreement in accordance with the terms of the Waste Disposal Agreement (but not in the event of a termination of the Waste Disposal Agreement pursuant to Section 8.2(A) thereof due to a default by the County), the County may purchase the Authority Component for the sum of \$1.00. In addition, the Authority may require the County to purchase the Authority Component for \$1.00 pursuant to Section 6.5(B) or (C) or Section 6.6.

(B) *No Other Transfers Permitted.* The Authority must not sell, lease, sublease or otherwise transfer the Authority Component or any portion of the Authority Component to any Person without the prior written consent of the County; provided, however, that the Authority may sell, lease, sublease or transfer any portion of the Authority Component if the Authority provides a written certification of the Consulting Engineer that such portion is no longer necessary or desirable for the Authority to meet its obligations under the Waste Disposal Agreement and that the proceeds received therefrom represent fair market value thereof. Such proceeds shall constitute Authority Component Revenues.

(C) *Requirements for County Exercise of Purchase Option.* In the event that the County elects to purchase the Authority Component pursuant to subsection (A) above, the County must enter into valid and binding agreements, in form reasonably satisfactory to the Authority, whereby simultaneously with such purchase, (I) the Bond Documents and all liabilities of the Authority thereunder are terminated and (2) the County irrevocably assumes all of the rights, duties and obligations of the Authority, or all liabilities and obligations of the Authority are terminated without cost, liability or expense to the Authority, under (a) the Authority Component Agreements and (b) any other contracts relating to the Authority Component; provided, however, that in the event of a purchase by the County of the Authority Component in connection with the County's exercise of the Authority Conduit Option, clause (1) of this paragraph shall not apply and the Bond Documents shall be excluded from the Authority Component Agreements for purposes of clause (2) of this paragraph. The Authority must provide the County representative with copies of any contract described in this subsection before the sale of the Authority Component.

Amendment or Waiver (Section 11.8).

(A) Except as provided in (B) below, neither the Waste Disposal Agreement nor any provision of the Waste Disposal Agreement 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.

(B) The County representative, with the prior written consent of the Authority representative, is authorized to make such immaterial changes, substitutions, deletions, additions or amendments to the Waste Disposal Agreement as the County representative determines to be necessary or appropriate and in accordance with the intent of the parties to the Waste Disposal Agreement and consistent with the terms of the Master Authorization and the Trust Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER AUTHORIZATION

The following summarizes certain provisions of the Master Authorization. This summary does not purport to set forth all of the provisions of the Master Authorization and is qualified by reference to the Master Authorization in its entirety for the complete and actual terms thereof. Any capitalized term used in this summary and not defined below is defined in Appendix A, Summary of Certain Definitions.

Summary of Certain Definitions

Accountant means any independent certified public accountant of recognized standing designated by the County from time to time to perform the duties of the Accountant thereunder.

Act Requirement has the meaning given to it in Appendix D under Master Authorization.

Annual Budget means the Solid Waste Collection and Disposal Fund budget or amended budget for a Fiscal Year, as adopted by the County in accordance with the Master Authorization.

Authorized County Officer means the County Executive or the Director of Finance and, when used with reference to an act or document, also means any other person who, pursuant to the Montgomery County Code or regulations promulgated with respect thereto, or by executive order, is authorized to perform such act or execute such document.

Beneficiary means, any party and any express third-party beneficiary to a Long Term Obligation.

Bond Counsel means an attorney or firm of attorneys with experience and nationally recognized in the area of municipal finance as may be designated by the County from time to time.

Bond Resolution means the resolution of the County Council adopted in connection with the issuance of County Bonds pursuant to the County Revenue Bond Act, Section 20-47 through 20-54 of the Montgomery County Code, as amended, and includes any order of the County Executive issued in connection therewith for the purpose of effectuating such Bond Resolution.

Calculation Date means the first Business Day of each month.

Capital Costs means, whether incurred prior to or after the date of the Master Authorization, all costs incurred by the County relating to the financing, construction, acquisition, improvement, completion, testing and placing in service of all or any portion of the County Disposal System, including, but not limited to, the following: (a) costs and expenses of the County which are incurred for labor and materials and payments to any contractors, builders and materialmen, (b) any payments due under any contracts with any person, public corporation or state agency for services rendered by, or costs incurred by, such parties, (c) the cost of any surety or similar bond or letters of credit in lieu of or in addition to such surety bond and the cost of insurance of any kind that may be required or that may be necessary during the course of construction of the County Disposal System which is now paid by any contractor or contractors or otherwise provided for, (d) the costs and expenses of the County for test borings, surveys, estimates, plan and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties which are required by or which are consequent to the proper construction of the County Disposal System, (e) compensation, fees and expenses of any fiduciary, any financial advisor, engineering, legal, accounting, financial and printing expenses and any fees and all other expenses incurred in connection with the (i) issuance of any bonds in connection with the County Disposal System whether issued pursuant to the County Revenue Act or in accordance with any Solid Waste Management Contract and (ii) obtaining and maintaining any credit facility issued to secure the funding requirement for the debt service reserve account of the Solid Waste Disposal Fund, (f) all other costs which the County is required to pay for the development, financing, acquisition, construction, improvement, completion, installation, testing or placing in service of all or any part of the County Disposal System, (g) any sums which are required to reimburse the County for advances made for any of the above items, or for any other costs which are properly incurred and for work done, which are properly chargeable as capital costs to the County Disposal System, (h) deposits into accounts established pursuant to any Bond Resolution for the payment of principal and redemption price of and interest on any County Bonds or subordinated indebtedness, including, but not limited to, deposits into any reserve fund or account established pursuant to a bond resolution, including, but not limited to, any account established for the purpose of providing funds for the payment of interest during construction and a six-month period thereafter, (i) the payment of the principal of redemption price, if any, and interest on any indebtedness issued to temporarily finance the payment of any of the foregoing items of cost of the County Disposal System, (j) deposits into the Renewal and Replacement Account of the Solid Waste Disposal Fund, (k) the administrative expenses of the County incurred in connection with the foregoing, (l) acquisition of certain disposal rights in landfills located outside of the geographic boundaries of the County, (m) any cost related to the closure of any component of the County Disposal System to the extent such cost is not paid as an Operating Expense, (n) any other proper item of cost which is provided for under the definition of "cost" in section 2-48 of the Montgomery County Code and is incurred in connection with the acquisition, construction, improvement, completion or installation of the County Disposal System, and (o) such other expenses which are not specified herein as may be necessary or incidental to the construction, acquisition, improvement, completion or installation of all or any part of the County Disposal System, the financing thereof and the placing of the same in use and operation.

Collection Account means the account of that name established pursuant to the Master Authorization.

Collection Charges means the fees and charges imposed by the County for providing solid waste County Collection Service.

Collection Contracts means any contracts entered into by the County for the purpose of providing Collection Service within the Collection and Disposal District.

Collection Expenses means the costs and expenses of the County in providing Collection Services.

Collection Revenues means any amounts collected by the County for providing Collection Service within the Collection and Disposal District.

Collection Services means the portion of the County System involving collection of Disposable Refuse (other than Recyclable Materials) provided by the County to certain residences within the Collection and Disposal District. "Collection

Service” does not include (1) the services performed as part of the County Disposal System or (2) the collection of Recyclable Materials.

Completion Indebtedness means any indebtedness issued or increase in obligations of the County incurred in accordance with the terms of any Long Term Obligation (including County Bonds), which is issued or incurred to (I) pay the costs of completing any Disposal System Component for which indebtedness has previously been issued pursuant to the terms of such Long Term Obligation, but only to the extent such completion indebtedness exceeds the amount of indebtedness originally expected to be issued to complete such Disposal System Component, as described in the Long Term Obligation pursuant to which the previous indebtedness was issued or (2) pay the costs of meeting, maintaining or restoring any reduction in, capacity in any Disposal System Component which was due to an unforeseen or uncontrollable circumstance or a change in law.

Construction Account means the account of that name established in the Solid Waste Disposal Fund.

County Bond Debt Service Reserve Account means the account of that name established pursuant to the Master Authorization.

County Bond Debt Service Reserve Requirement means, as of the date of any computation, an amount which is equal to the greatest amount of Debt Service becoming due with respect to County Bonds in the Fiscal Year in which such computation is made or in any succeeding Fiscal Year or such other amount as may be allowed within the limitation of the Code. The requirement may be met by a Credit Facility or other similar banking facility or guaranty facility with a minimum rating of “A” from Moody’s and Standard & Poors. If the County issues County Bonds which are secured in addition to Revenues by a general obligation of the County for which its full faith and credit is pledged, such pledge may be deemed to satisfy the County Bond Debt Service Reserve Requirement.

County Bonds means any of the bonds, notes or other obligations for borrowed money of the County issued in connection with the County Disposal System pursuant to a Bond Resolution which bonds are secured, in whole or in part, by County Disposal System Revenues.

County Ten Year Plan has the same meaning as “Solid Waste Management Plan,” which is defined in Appendix A, Summary of Certain Definitions.

Credit Facility means any Letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guarantee agreement issued by a financial institution, insurance company or association which secures, through a reimbursement agreement or otherwise, County Bonds or any other bonds issued in accordance with a Long Term Obligation and, for purposes only of the a debt service reserve account for County Bonds, secure the requirement thereof.

Debt Service means, for any period, the sum of the interest and principal accruing during such period with respect to County Bonds and Prior County Bonds, and premium, if any, including any amounts required to be paid to a sinking fund established in connection with any County Bonds and Prior County Bonds or such other sums as will reflect the amount of interest and principal becoming due and payable, as estimated or fixed with respect to variable rate financing optional tender bonds, capital appreciation bonds, balloon debt or the like as set forth in the Bond Resolution.

Default Trustee means the trustee appointed by the County pursuant to the terms of Article VI of the Master Authorization.

Disposable Refuse means all waste materials and debris, including but not limited to, garbage, sludge, debris from building construction, ashes, junk, industrial waste, dead animals, salvable waste, dead or felled trees, uprooted tree stumps, slash, tree limbs, bushes, plants, leaves, grass, garden trimmings, street refuse, abandoned vehicles, machinery, bottles, cans, waste paper, cardboard, sawdust and slash from sawmill operations, and all other waste materials and any other materials designated by the County Executive as suitable for disposal through the County Disposal System. Disposable Refuse also includes Recyclable Materials that the County recycles through the County Disposal System and Residue.

Disposal System Component has the same meaning as “County Disposal System Component,” which is defined in Appendix A, Summary of Certain Definitions.

Disposal System Reserve Requirement means, with respect to any Fiscal Year, the amount which is determined by the Consulting Engineer pursuant to the Master Authorization as the amount which is reasonably necessary as a reserve for expenses with respect to the County Disposal System for (a) scheduled major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals pursuant to a maintenance and repair program, (b) for repairs, renewals and replacements resulting from the occurrence of uncontrollable circumstances which are not covered by the proceeds of an insurance policy, and (c) any amounts which must be deposited in the Renewal and Replacement Account pursuant to the Master Authorization.

Event of Default means any of the events described below under “Events of Default (Section 7.1)”

Fiduciary means the Default Trustee, the Paying Agent, any registrar, any tender agent or remarketing agent for any County Bonds or any indebtedness issued pursuant to any Long Term Obligation, or any or all of them, as the case may be.

Flow Control Covenant means the covenant described below under “Flow Control Covenant (Section 5.11).”

General Account means the account of that name established by the Master Authorization.

Investment Obligations means any obligations that constitute legal investments for the County and which are rated at an investment grade of not less than “Aa” by Moody’s Investors Service, Inc. and not less than “AA” by Standard & Poor’s Corporation.

Long Term Obligation Account means the account of that name established by the Master Authorization.

Long Term Obligation Requirement means, unless otherwise provided in a Master Authorization Supplement, (a) as of any date of calculation, an amount of money which is equal to the amount necessary to provide for the payment of Long Term Expenses (other than debt service on County Bonds) for a period beginning on such date of calculation and ending on the first Calculation Date subsequent thereto and (b) with respect to County Bonds, as of any date of calculation, an amount of money which is equal to the amount necessary to provide for the payment of Debt Service on County Bonds for a period beginning on such date of calculation and ending on the next Calculation Date.

Master Authorization Supplement means any amendment, modification or supplement to the Master Authorization that is duly adopted and executed in accordance with the provisions of the Master Authorization.

Operating Account means the account of that name established by the Master Authorization.

Operating Account Requirement means (unless a greater amount is expressly provided in a Master Authorization Supplement), as of any date of calculation, an amount of money which is equal to the amount necessary to provide for the payment of Operating Expenses (in accordance with the provisions of the Annual Budget which is in effect as of such date) for a period beginning on such date of calculation and ending on the first Calculation Date subsequent thereto. In the event that the exact amount of any Operating Expenses cannot be determined as of any date of calculation, an Authorized County Officer may estimate such Operating Expenses for purposes of determining the Operating Account Requirement.

Outstanding, when used with respect to (1) County Bonds and as of any particular date, means all County Bonds previously authenticated and delivered except (a) any County Bond which has been canceled by the County or by the registrar for such County Bonds on or prior to such date, (b) any County Bond which is no longer outstanding pursuant to the terms of the Bond Resolution authorizing such County Bond, (c) any County Bond in lieu of or in substitution for which another County Bond has been authenticated and delivered pursuant to the provisions of the Master Authorization, and (d) any County Bond which is deemed to have been purchased by the tender agent pursuant to the terms of the Bond Resolution authorizing such County Bond; and (2) any Long Term Obligation other than County Bonds and as of any particular date, means any Long Term Obligations previously executed by the County except if (a) such Long Term Obligation has been terminated, discharged or has expired pursuant to the terms thereof and (b) the County has paid (or placed in a segregated trust account) all amounts required to be paid by the County pursuant to the terms of such Long Term Obligation, including any amounts required to be paid by the County in connection with any optional termination by the County of such Long Term Obligation.

Paying Agent means any bank or trust company, as designated from time to time by the County, authorized to pay the principal or purchase price of, premium, if any, and interest on any County Bonds.

Rate Stabilization Account means the account of that name established by the Master Authorization.

Rate Stabilization Requirement means (unless a greater amount is expressly provided in any Master Authorization Supplement), as of any date of calculation, an amount determined by the County in its discretion as appropriate for the purpose of the Rate Stabilization Account of the Solid Waste Disposal Fund, as evidenced by a certificate of an Authorized County Officer.

Rebate Account means the account of that name in the Solid Waste Disposal Fund.

Recyclable Materials means those materials, or any materials that may be recovered either prior to or after processing, which are separated from solid waste pursuant to a requirement imposed by the County, either at the source of such solid waste or mechanically at any Disposal System Component, and which are capable of being returned to the economic mainstream.

Refunding Obligations means any indebtedness issued or increase in obligations of the County incurred in accordance with the terms of any Long Term Obligation (including County Bonds), which is used to refund any previously issued indebtedness or previously incurred obligation.

Reimbursement Agreement means any agreement between the County and any issuer of a Credit Facility which secures in whole or in part County Bonds or any other bonds issued in connection with a Long Term Obligation and, if appropriate in context, will be deemed to include a policy of municipal bond insurance on County Bonds.

Renewal and Replacement Account means the account of that name established by the Master Authorization.

Revenues has the same meaning as “County Disposal System Revenues,” which is defined in Appendix A, Summary of Certain Definitions.

Service Covenant means the covenant described below under “Service Covenant.”

Solid Waste Act has the same meaning as “Chapter 48,” which is defined in Appendix A, Summary of Certain Definitions, as in effect when the Master Authorization was adopted.

Solid Waste Collection and Disposal Fund means the fund of that name established by the Solid Waste Act.

Solid Waste Management Contracts means all contracts, leases and agreements with any person to which the County is a party which bear upon or affect the Rate Covenant, the Service Covenant, or the Waste Delivery Covenant or any other obligation or responsibility of the County under the Master Authorization, including without limitation (a) any Long Term Obligation and (b) any other contract, lease or agreement providing for the design, construction, maintenance or operation, disposal service, property acquisition, sale or use, of energy or material sales.

Subordinated Indebtedness means any indebtedness of the County described in Section 5.21 of the Master Authorization incurred in connection with the County Disposal System which is secured by a pledge of Revenues under the Master Authorization but which is, by the express terms of such indebtedness, subordinate to the pledge of Revenues securing Long Term Obligations.

Tax-Exempt Obligation means any County Bonds the interest on which is intended to be excludable from gross income pursuant to the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

Summary of Certain Provisions

The following summarizes certain provisions of the Master Authorization. This summary is qualified in its entirety by reference to the document itself (Section references below are to Sections of the document; summaries of certain subsections may not be presented below but subsection designations are retained as they appear in the document itself).

Master Authorization to Constitute Contract (Section 2.2).

The provisions of the Master Authorization constitute a contract between the County and any Beneficiary, and the covenants and agreements set forth therein are for the equal and ratable benefit of each Beneficiary. The pledge which is made in the Master Authorization is for the equal benefit, protection and security of any person which enters into a Long Term Obligation with the County, subject only to the provisions of the Master Authorization permitting the application of any pledged amounts for or to the purposes and on the terms and conditions set forth in the Master Authorization. The Master Authorization must be attached to, and constitute a part of, each and every Long Term Obligation.

Limited Obligation of County (Section 2.3).

Long Term Obligations are limited obligations of the County and any payments required thereunder are payable by the County solely from the moneys and accounts which are pledged, as and to the extent provided in Section 4.1 of the Master Authorization. Any person which enters into a Long Term Obligation with the County is entitled to the benefit of the continuing pledge and lien created by the Master Authorization to secure the full and final payment of any amounts required to be paid by the County pursuant to such Long Term Obligations, subject only to the provisions of the Master Authorization permitting the application of any pledged amounts for or to the purposes and on the terms and conditions set forth in the Master Authorization.

Master Authorization Supplements Adopted for Certain Purposes Effective Without Consent of Persons With Which the County Has Entered Into Long Term Obligations (Section 2.6).

The Master Authorization may be amended, modified or supplemented without the consent of any Beneficiary, if such amendment, modification or supplement is adopted for any of the following purposes and the amendment, modification or supplement, in the opinion of Bond Counsel, is not inconsistent with the provisions of the Master Authorization: (1) to close the Master Authorization against, or provide limitations and restrictions (in addition to the limitations and restrictions contained in the Master Authorization) on, the execution of other Long Term Obligations; (2) to add additional covenants or agreements to be observed by the County; (3) to add additional limitations or restrictions to be observed by the County; (4) to surrender any right, power or privilege which is reserved to or conferred upon the County by the terms of the Master Authorization; provided, however, that such amendments described in clauses (1) through (4) may not impair the ability of the County to meet its obligations to any Beneficiary under the Master Authorization or any Long Term Obligation; (5) to confirm, as further assurance, any pledge which is created under, and the subjection to any lien or pledge created or to be created by, the terms of the Master Authorization, of the Revenues or of any other moneys, securities or funds; provided that such confirmation may not affect the priority of interests of any Beneficiary; (6) to specify, determine or authorize any and all matters and things relative to the issuance of County Bonds; (7) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Master Authorization; (8) to clarify matters or questions arising under the terms of the Master Authorization which are not contrary to or inconsistent with the terms of the Master Authorization as theretofore in effect; and (9) to effectuate the issuance by the County of Subordinated Indebtedness to the extent consistent with the terms of the Master Authorization as theretofore in effect.

Master Authorization Supplements Effective With Consent of Persons With Which the County Has Entered Into Long Term Obligations (Section 2.7).

Except as provided in Sections 2.6 and 2.8 thereof, the Master Authorization may only be amended, modified or supplemented with the consent of (i) a majority of the Beneficiaries (as determined pursuant to Section 7.4(B) of the Master Authorization), (ii) each Beneficiary that is the provider of a Credit Facility, and (iii) any Beneficiary whose interest under a Long Term Obligation would be materially adversely affected thereby.

Whether or not consent to Master Authorization Supplements is given will be determined by the Default Trustee in the following manner:

(1) With respect to Long Term Obligations described in clause (1) of the definition thereof, all series of County Bonds will be deemed to be a single Long Term Obligation for the purpose of determining consent, and the Bond Resolutions adopted in connection with the issuance of such series of County Bonds will control the determination of whether or not consent is given.

(2) With respect to Long Term Obligations described in clause (2) of the definition thereof, each contract described in such clause will be deemed a separate Long Term Obligation for the purposes of determining consent and each Beneficiary may determine whether or not its consent is given in its discretion.

(3) With respect to Reimbursement Agreements described in clause (3) of the definition of Long Term Obligation, the provisions of the particular Long Term Obligation which is secured by the Credit Facility issued pursuant to such Reimbursement Agreement will control the rights of the person which enters into such Reimbursement Agreement to determine whether or not the consent of the Long Term Obligation is given.

Prohibited Modification of Duties and Obligations of Fiduciary or Issuer of Credit Facility (Section 2.8).

Notwithstanding the provisions of the Master Authorization, no modification or supplement of the Master Authorization may (i) change the amount of any payment due under any Long Term Obligation or the due date for such payment without the consent of the Beneficiary of such Long Term Obligation, (ii) except as expressly permitted thereby, permit the creation of a claim or lien upon, or a pledge of, the Revenues ranking prior to or on a parity with the claim, lien and pledge created by the Master Authorization, a preference or priority of any Long Term Obligation over any other Long Term Obligation or a reduction in the percentage of Long Term Obligation, the consent of the Beneficiaries of which is required for any modification of the Master Authorization without the unanimous consent of the Beneficiaries of the Outstanding Long Term Obligations, or (iii) change or modify any of the duties or obligations of any Fiduciary or the issuer of any Credit Facility without its prior written consent thereto.

Conditions Precedent to the Execution of Long Term Obligations (Section 3.2).

(A) The County must not execute any Long Term Obligations or permit the issuance of indebtedness pursuant to Long Term Obligations pursuant to the terms of the Master Authorization unless theretofore or simultaneously therewith there has been delivered to the Director of Finance, the following:

(1) A copy of the Master Authorization and a copy of each Master Authorization Supplement, if any, which has been duly adopted prior to the execution of the Long Term Obligation and which remains in full force and effect, each certified by an Authorized County Officer as a true and accurate copy;

(2) An opinion of Bond Counsel as to the due authorization and delivery of the Long Term Obligations and certain other matters;

(3) If such Long Term Obligations are County Bonds, (a) a copy of the Bond Resolution authorizing the issuance of such County Bonds, (b) any instruments which are required to be delivered to the Director of Finance pursuant to such Bond Resolution and (c) any amounts which are required to be paid into the Solid Waste Collection and Disposal Fund pursuant to the terms of such Bond Resolution;

(4) A certificate of an Authorized County Officer setting forth any payments that are required to be paid by the County pursuant to the Long Term Obligation. The amount set forth therein shall assume the estimated maximum cost as set forth in the Bond Resolution or as estimated in the certificate as required to complete the Disposal System Component regardless of whether or not the actual amount is then being issued. The balance of the amount required to be issued up to such maximum cost shall be deemed Completion Indebtedness (assuming the plan of financing therefor is to finance some by County Bonds or Long Term Obligations) and shall not be subject to the provisions of subsections (6) and (7) below;

(5) Such other documents as may be required by the terms of a Master Authorization Supplement duly adopted prior to the execution of the Long Term Obligation;

(6) A certificate duly executed by an Accountant stating that, at the rates and charges which are in effect on the date of such certificate, the Rate Covenant was satisfied during a twelve-month period which must be

either (i) the Fiscal Year most recently ended prior to the date of execution of such Long Term Obligation, or (ii) any other twelve-month period ending on a date which is not more than 180 days prior to the date of execution of such Long Term Obligation; such certificate shall not be required if the expressed purpose of the execution of the Long Term Obligation or issuance of such indebtedness is to cure a Rate Covenant default or other Waste Disposal Agreement default;

(7) A certificate of the Consulting Engineer setting forth (a) its estimate of the Long Term Expenses, Operating Expenses and Revenues for each of the three Fiscal Years immediately succeeding the later of (i) the completion of the improvements to be financed with proceeds of such Long Term Obligation and (ii) the execution of the Long Term Obligation, calculated on the assumption that Revenues will be charged and collected at the rates in effect on the date of such certificates or such higher rate as the County has covenanted to charge for such Fiscal Year (provided that the Long Term Expenses consisting of debt service must be amortized on a level payment basis if the payment schedule defers principal payments to a greater extent), (b) if such Long Term Obligation is County Bonds the County Bond Debt Service Reserve Requirement for each such Fiscal Year, and (c) his opinion that Revenues for each Fiscal Year set forth in such certificate can be expected to be generated in amounts sufficient for the County to meet the Rate Covenant; and

(8) A certificate of the Director of Finance stating that (a) no default exists in the payment of any Long Term Expenses or otherwise pursuant to any Long Term Obligation, and (b) the County is not in default in the performance of any of its covenants and agreements under the Master Authorization.

(B) If any Long Term Obligation is County Bonds issued for the payment or refunding of any County Bonds, the County must apply the proceeds which are derived from the sale thereof as follows: (1) an amount which is sufficient to pay the costs incurred in connection with the authorization, issuance and sale of such County Bonds must be deposited in the Construction Account, and (2) the remaining amount of such proceeds must be applied to the payment or refunding of such County Bonds in accordance with the terms of the Bond Resolution authorizing the issuance of such County Bonds.

(C) Notwithstanding the foregoing, the certifications described in (A)(6) and (A)(7) above are not required for (1) the issuance of Completion Indebtedness, including with respect to (2) of the definition of Completion Indebtedness upon the filing of a certificate of Consulting Engineer that the Capital Cost to be financed by the County Bonds or execution of Long Term Obligation is necessary to meet, maintain or restore any reduction in, capacity in the Disposal System Component which was due to an unforeseen or uncontrollable circumstance or a change in law and (2) the issuance of Refunding Obligations which results in a decrease in the debt service component of the amount payable by the County pursuant to the Long Term Obligation which is refunded in every Fiscal Year after such Refunding Obligations are issued.

(D) In addition, even though the County is not executing any Long Term Obligation or issuing indebtedness under (A) above, in the event the County is providing, accepting or otherwise adding substantial capacity to the Disposal System by a new Disposal System Component for which Operating Expenses are to be paid from Revenues deposited or credited into the Operating Account, the provisions relating to the execution or issuance of a Long Term Obligation with respect to the authorization of such addition shall be complied with, particularly paragraphs (6) and (7).

Pledge Securing Payment of Amounts Required to be Paid by the County Pursuant to Long Term Obligations (Section 4.1).

(A) To secure the payment of any amounts required to be paid by the County pursuant to any Long Term Obligations in accordance with their terms and the provisions of the Master Authorization and the punctual performance by the County of all its obligations thereunder and for the benefit of the Long Term Obligations and subject only to the provisions of the Master Authorization permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Master Authorization, the County pledges all right, title, and interest of the County in and to (1) the Revenues (except such Revenues or other moneys which are on deposit in the Rebate Account and which are required to be rebated to the United States government pursuant to the provisions of the Code), (2) all moneys, securities and funds which are held in the Solid Waste Collection and Disposal Fund (other than Collection Revenues), (3) all moneys, securities and funds set aside or which are to be held or set aside pursuant to the terms of the Master Authorization or which are held in any account which are established and created under the terms of the Master Authorization (other than amounts which are deposited in the Rebate Account and which are required to be rebated to the United States government pursuant to the provisions of the Code), including without limitation (a) proceeds derived from the sale of any County Bonds, subject in this case to applicable law and any limitation on the use of such proceeds in the Bond Resolution authorizing such County Bonds, (b) the proceeds of any business interruption, use and occupancy or casualty insurance (or the proceeds of any insurance policy maintained for the repair or replacement of any Disposal System Component) and any condemnation award made with respect to any Disposal System Component, and (c) payments made with respect to any County Bonds by the issuer of any Credit Facility, (4) as and to the extent provided in clause (C) below, the County's interest in any Solid Waste Management Contracts, and (5) to the extent permitted by and in accordance with the procedures permitted under any applicable law, any rights of the County under any permits, licenses and approvals relating to the Disposal System.

(B) In the event that any Credit Facility is provided with respect to any County Bonds, any moneys which are made available under the terms of such Credit Facility are pledged to secure the payment of the principal of and interest on the County Bonds with respect to which the Credit Facility was issued.

(C) All rights of the County to receive payment under the provisions of any Solid Waste Management Contracts are pledged and assigned for the benefit and security of any person with whom the County enters into a Long Term Obligation in order to secure the punctual payment of any amounts required to be paid by the County pursuant to any Long Term Obligations and the punctual performance by the County of its obligations under the Master Authorization, subject, however, to the right of the County, except as provided in Article VII of the Master Authorization upon the happening of an Event of Default, to carry out its obligations and duties, and to receive certain payments and apply the same in each case as provided in the Master Authorization and, further subject to the terms and conditions set forth in the Master Authorization to enforce or realize upon its rights and interests in such Solid Waste Management Contracts.

Establishment of Accounts (Section 4.2).

(A) The County has established and created the following special accounts:

- (1) Construction Account;
- (2) Revenue Account;
- (3) Long Term Obligation Account;
- (4) Operating Account;
- (5) County Bond Debt Service Reserve Account;
- (6) Renewal and Replacement Account;
- (7) Rate Stabilization Account;
- (8) General Account;
- (9) Rebate Account; and
- (10) Collection Account.

(B) Each of said accounts must be held by the County or any Fiduciary designated by the County.

Deposits Into Construction Account (Section 4.3).

Any moneys which are received by the County from any source (but excluding bonds or other evidences of indebtedness issued by a Beneficiary pursuant to a Long Term Obligation that is a Solid Waste Management Contract) for payment of costs related to the construction, acquisition, restoration, improvement or completion of any Disposal System Component, including the proceeds (or any portion thereof) derived from the issuance of any County Bonds, the proceeds of any insurance or any condemnation award and any grants for the payment of any Capital Costs must be deposited in the Construction Account.

Payments from Construction Account (Section 4.5).

Before any payment can be made from the Construction Account, an Authorized County Officer must file certain requisitions and certificates with the Director of Finance relating to the use of the moneys requested and other related matters.

Investment Income Credited to the Construction Account (Section 4.6).

Notwithstanding Section 4.21 of the Master Authorization, investment income must be credited to the Construction Account or to the appropriate sub-account therein and applied in accordance with the terms of the Master Authorization.

Disposition of Balance in Construction Account (Section 4.7).

Upon receipt of a specified certificate relating to outstanding obligations to be paid from the Construction Account, the County must apply the excess balance in the Construction Account to either (1) payment of any Capital Cost (other than the portion referred to in such certificate), (2) payment of any Debt Service on County Bonds, or (3) prepayment or redemption of County Bonds.

Deposit of Revenues and Other Payments (Section 4.8).

(A) All Revenues must be collected by or on behalf of the County and must be deposited daily, as far as practicable, in the Revenue Account (other than amounts which are deposited in the Construction Account pursuant to the Master Authorization). Unless otherwise permitted by the Master Authorization, any other moneys which are received by the County from any other source for operating, maintaining and repairing the Disposal System must also be deposited in the Revenue Account.

(B) Notwithstanding anything contained in the Master Authorization to the contrary, amounts received by the County as prepayments or collateral pursuant to the provisions of the Solid Waste Act must not constitute "Revenues" until (and to the extent that) (1) the person making such prepayment has delivered Disposal Refuse to the Disposal System for disposal or (2) the County is permitted to retain such collateral pursuant to the provision of the Solid Waste Act.

(C) Notwithstanding anything contained in the Master Authorization to the contrary, any amounts received by the County as interest income from the investment of moneys shall not constitute "Revenues" to the extent such amounts are required to be paid to the United States of America in accordance with the provisions of Section 4.17 of the Master Authorization.

(D) All Collection Revenues must be deposited in the Collection Account upon receipt thereof and segregation by the County.

Periodic Withdrawals From Revenue Account (Section 4.9).

The County must transfer any moneys which are on deposit in the Revenue Account into the following several accounts, but as to each such account only within the limitation indicated in this Section with respect to each account and only after maximum payment within such limitation into every such account previously mentioned in the tabulation below. Such transfers must be made (1) at any time there is a deficiency in the amounts on deposit in any other account and (2) on each Calculation Date; provided, however, that with respect to transfers to be made into the County Bond Debt Service Reserve Account, the Renewal and Replacement Account and the Rate Stabilization Account, the County may limit its transfers in any single month to one-twelfth of any deficiency in the requirement relating to such account.

First: Into the Operating Account, to the extent, if any, needed to increase the amount which is on deposit in the Operating Account, until the amount on deposit equals the Operating Account Requirement;

Second: Into the Long Term Obligation Account, to the extent, if any, needed to increase the amount which is on deposit in the Long Term Obligation Account until the amount on deposit equals the Long Term Obligation Requirement;

Third: Into the County Bond Debt Service Reserve Account, to the extent, if any, needed to increase the amount which is on deposit in the County Bond Debt Service Reserve Account until the amount on deposit equals the County Bond Debt Service Reserve Requirement;

Fourth: Into the Renewal and Replacement Account, to the extent, if any, needed to increase the amount which is on deposit in the Renewal and Replacement Account until the amount on deposit equals the Disposal System Reserve Requirement;

Fifth: Into the Rate Stabilization Account, to the extent, if any, needed to increase the amount which is on deposit in the Rate Stabilization Account until the amount on deposit equals the Rate Stabilization Requirement; and

Sixth: Into the General Account, the balance, if any, remaining after having made the foregoing transfers or deposits.

Operating Account (Section 4.10).

The County must make payments from time to time out of the Operating Account of all amounts required for Operating Expenses. Payments by the County from the Revenue Account into the Operating Account must be consistent with the requirements of the Annual Budget.

Application, Investment and Restoration of Long Term Obligation Account (Section 4.11).

The County must pay in a timely manner Long Term Expenses from the Long Term Obligation Account. If at any time there is not a sufficient amount available in the Long Term Obligation Account to provide for any required payment therefrom, the County must, on or prior to the date on which such payment is required to be made, transfer an amount which is sufficient to make up such deficiency in the following priority: first, from amounts on deposit in the Revenue Account, second, from amounts on deposit in the General Account, third, from amounts on deposit in the Rate Stabilization Account, fourth, to the extent required, from amounts, if any, on deposit in the Renewal and Replacement Account, and, if a deficiency remains (but only with respect to Debt Service on County Bonds), then from the County Bond Debt Service Reserve Account. Any such amounts must be transferred to or deposited into the Long Term Obligation Account.

Application of Renewal and Replacement Account (Section 4.12).

(A) The County must withdraw from the Renewal and Replacement Account any reasonable and necessary expenses of the County with respect to the Disposal System Components or major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals. The County must apply such amounts to the payment of such expenses upon the same terms and in the same manner as provided in Section 4.5 of the Master Authorization. However, before any disbursement is made, an Authorized County Officer must file with the Director of Finance a requisition therefor and, in certain circumstances, a certificate of the Consulting Engineer.

(B) If on any date all withdrawals or payments which are required to be made from the Renewal and Replacement Account by any other provision of the Master Authorization have been made or provided for and the amount on deposit in the County Bond Debt Service Reserve Account equals the County Bond Debt Service Reserve Requirement, and the

amount in the Renewal and Replacement Account exceeds the Disposal System Reserve Requirement, the County, upon the filing of a certificate of an Authorized County Officer with the Director of Finance requesting such withdrawal, may withdraw the amount of such excess from the Renewal and Replacement Account and may pay the moneys so withdrawn into any account established under the Master Authorization (other than the Collection Account).

Application of Rate Stabilization Account (Section 4.13).

Any amounts which are on deposit in the Rate Stabilization Account may be used by the County in any Fiscal Year to offset any increases in the rates and charges imposed by the County pursuant to the Rate Covenant to reflect any unusual or extraordinary costs incurred by the County subsequent to the adoption of the Annual Budget for such Fiscal Year. Any such use of such amount in the Rate Stabilization Account shall be specified, if applicable, in any amended Annual Budget adopted during such Fiscal Year pursuant to Section 5.14(B) of the Master Authorization. Upon the inclusion of such amounts in the amended Annual Budget for the Fiscal Year, such amount shall be considered along with revenues in determining compliance with the Rate Covenant.

General Account (Section 4.14).

(A) The County may withdraw from the General Account any amounts on deposit therein for the following reasons: (1) payment of principal of and interest on any Subordinated Indebtedness; or (2) deposits into any account established under the Master Authorization.

(B) Notwithstanding the foregoing, if there is at any time a deficiency in the Operating Account, the County must withdraw amounts from the General Account (to the extent of such deficiency and to the extent that such moneys are on deposit therein) and must transfer such amount to the Operating Account.

Deposits Into, Application and Investment of Rebate Account (Section 4.15).

The County must deposit into the Rebate Account any investment earnings on any accounts to the extent required pursuant to the Arbitrage and Tax Regulatory Certificate executed by the County in connection with the authentication and delivery of County Bonds. The County must determine the amounts which are subject to rebate to the United States government pursuant to the provisions of the Code in accordance with the terms of the Arbitrage and Tax Regulatory Certificate executed by the County in connection with the authentication and delivery of any County Bonds. The amounts which are required to be rebated to the United States government must be withdrawn from the Rebate Account at such times and paid to the United States government. If there is not a sufficient amount in the Rebate Account for any required payment to the United States government, the County must promptly pay, from moneys which are on deposit in the Rate Stabilization Account or such other amounts in the Solid Waste Collection and Disposal Fund (other than Collection Revenues) which are available for such purpose, the amount which is necessary to make up such deficiency. If on any date the amount which is on deposit in the Rebate Account exceeds the amount which the County is obligated (as of the date of such determination) to rebate to the United States government or to create a reserve therefore, the County must withdraw such excess from the Rebate Account and deposit such amount into the Revenue Account.

Application of Amounts in Collection Account (Section 4.16).

The County may pay Collection Expenses from amounts on deposit in the Collection Account. Collection Expenses may not be paid from any revenues pursuant to the Master Authorization other than the revenues of the Collection Account.

Limitation on Optional Redemption of County Bonds or Optional Termination of Other Long Term Obligations (Section 4.19).

The County may not effectuate the optional redemption of County Bonds or the optional termination of any other Long Term Obligations unless the Director of Finance has received prior to such termination or redemption a certificate of the Consulting Engineer stating that, in its opinion, such optional redemption or termination will not adversely affect the ability of the County to meet its obligations under the Master Authorization.

Disposition of Excess Moneys in Accounts (Section 4.20).

If on any Calculation Date, the moneys on deposit in any account established under the Master Authorization exceed the requirement applicable to such account, the amount in excess must be credited to the next succeeding account in the priority described in Section 4.9 of the Master Authorization.

Investments (Section 4.21).

Moneys on hand in each of the accounts may be invested in Investment Obligations which mature in such amounts and at such times as will permit funds to be available when needed by the County. The County is not required to maintain separate bank accounts for the accounts created thereunder. Any moneys in such accounts may be invested in conjunction with other funds of the County; provided, however, that each account (other than the Rebate Account) must be held in trust by the County for the benefit of persons with whom the County has entered into Long Term Obligations. Investment Obligations in all accounts must be valued by the Director of Finance at least annually. Valuation must be determined at the lower of amortized cost or

market value. Except as otherwise provided in Section 4.6 of the Master Authorization, any investment income must be credited to the Revenue Account.

Effect of Covenants (Section 5.1).

Under the Master Authorization, the County particularly covenants and agrees with any person with which the County enters into a Long Term Obligation, and makes provisions which must be a part of its contract with such parties to the effect and with the purpose set forth in Article V of the Master Authorization.

Service Covenant (Section 5.3).

The County must provide or cause the provision of the service of providing capacity for the disposal or recycling of all Disposable Refuse generated within the geographic boundaries of the County, including the disposal of ash residue from the processing of Disposable Refuse at any resource recovery facility and the disposal of Disposable Refuse in excess of the processing capacity of any such resource recovery facility. The County must carry out the Service Covenant in a manner which will not impair the ability of the County to comply with the Rate Covenant, the Service Covenant and the Flow Control Covenant.

Powers as to Disposal System, Disposal Services and Collection of Revenues (Section 5.4).

The County has, and will have, as long as any Long Term Obligations remain Outstanding, the legal right and lawful authority to construct the Disposal System and to maintain, operate, improve and reconstruct the Disposal System and to provide or cause the provision of the Disposal Services. The County has the power and covenants to prescribe and from time to time charge and collect rates to be charged for use of the Disposal System and the Disposal Services and to demand and to collect all Revenues which are due or which are becoming due to it for the use of the Disposal System and the Disposal Services, all in accordance with the Rate Covenant, the Service Covenant and the Flow Control Covenant.

Maintenance of Disposal System (Section 5.5).

The County must diligently construct, maintain and manage the Disposal System in accordance with the County Ten Year Plan.

Compliance with Solid Waste Management Contracts and Enforcement of Revenues (Section 5.6).

(A) The County must (1) take all reasonable measures which are permitted by the Solid Waste Act or otherwise by law to enforce prompt payment to it of all Revenues to be derived by the County under the terms of any Solid Waste Management Contracts and (2) at all times, to the extent permitted by the Solid Waste Act or otherwise by law, defend, enforce, preserve and protect the rights, benefits and privileges of the County under or with respect to the Solid Waste Management Contracts consistent with the County's reasonable business judgment and, in any event, to the extent necessary to enable the County to comply with the Rate Covenant, the Service Covenant and the Flow Control Covenant.

(B) The County may make any amendment of any Solid Waste Management Contracts that will not materially adversely affect the amount of Revenues which are expected to be available for payment of Long Term Expenses, Operating Expenses or amounts which are required to be deposited into the County Bond Debt Service Reserve Account or the Renewal and Replacement Account, or will not materially and adversely affect the security for the payment of Long Term Expenses or the rights of any Beneficiary under the provisions of the Master Authorization. The County must not exercise its right to terminate any Solid Waste Management Contracts for convenience or without cause in a manner which requires the County to make a payment upon such termination unless, at the time of termination, the amount of such payment is on deposit (and available for such purpose) in the Solid Waste Collection and Disposal Fund or has otherwise been provided for by the County.

(C) Any other amendment of any Solid Waste Management Contract may be made only upon the filing of a certificate of a Consulting Engineer stating that in the Fiscal Year of the amendment and in the succeeding Fiscal Year the Revenues expected to be received assuming imposition of rates by the County pursuant to its Rate Covenant, at the rates to be charged, can be expected to be sufficient for the County to meet the requirements of its Rate Covenant.

Insurance; Condemnation (Section 5.7).

(A) The County must continuously maintain (or cause to be maintained), with qualified and experienced insurers having a reputation for insuring facilities of like character as those which constitute the Disposal System Components and which insurers are authorized to do business in the State of Maryland or in such other manner as may be required or permitted by law, all insurance as is customarily maintained with respect to facilities of like character as the facilities which constitute the Disposal System Components. The County must continuously maintain, to the extent commercially available at reasonable rates, the types of insurance, and in the amounts which are recommended by an independent insurance consultant retained by the County, as necessary or desirable to enable the County to comply with the terms and conditions of the Master Authorization. Such insurance must include the following: (1) Multi-risk insurance for or with respect to the facilities which constitute the Disposal System Components; (2) Insurance covering losses related to actions taken by or on behalf of the County or its employees or agents; and (3) Public liability insurance covering injuries to persons and property relating to or arising out of the construction, maintenance, reconstruction or operation of the Disposal System.

To the extent permitted by law, the County may comply with these requirements by maintaining self-insurance in accordance with the provisions of the County Code.

(B) If any useful portion of the Disposal System is damaged or destroyed, the County must, as expeditiously as practicable, continuously and diligently pursue the repair, reconstruction or replacement thereof. However, subject to the Waste Disposal Agreement, no such repair, reconstruction or replacement must be undertaken if the County, in accordance with the provisions of (C) below, determines not to so repair, reconstruct or replace such damaged property. Any proceeds received by the County from any casualty insurance (except casualty insurance with respect to the Authority Component), including the proceeds of self-insurance, or proceeds received as a result of any condemnation of all or any portion of the Disposal System (other than the Authority Component), must be deposited in a special account in the Construction Account and must be applied to the necessary Capital Costs involved in the repair and replacement of the Disposal System. Any such proceeds of casualty insurance, including the proceeds of self-insurance and any such proceeds of a condemnation award, which are not applied or committed to the repair, reconstruction or replacement of the Disposal System within reasonable time thereafter or six months after receipt thereof must be deposited by the County in the Long Term Obligation Account and applied to the payment of any Long Term Expenses; provided, however, that, to the extent that the County certifies that such proceeds are required for the repair, reconstruction or replacement of the Disposal System, and that such proceeds will be expended for such purpose within a reasonable additional period of time, such proceeds may then remain on deposit in the Construction Account. In the event that the Capital Costs of such repair and replacement of the damaged or condemned property exceed the proceeds of such insurance or condemnation award which are available for payment of the same, any moneys which are on deposit in the General Account and the Construction Account may be used, to the extent necessary, for such purpose as directed by the County as evidenced by a certificate duly executed by an Authorized County Officer. If funds which are on deposit in the General Account and in the Construction Account are insufficient for such purpose, any funds which are available in the Renewal and Replacement Account must be used, to the extent necessary, for such purpose. In addition, the County may apply any other moneys of the County which are not pledged for another purpose, to the extent necessary, for such purposes, subject to the provisions of Section 4.9 of the Master Authorization.

(C) Subject to the Waste Disposal Agreement, if any portion of the Disposal System has been damaged or destroyed, and the County has determined that the operation of the Disposal System has not been materially adversely affected, and as such the County has determined not to repair, reconstruct or replace the damaged or destroyed property and the County has received a certification of the Consulting Engineer to such effect, the proceeds of insurance which are received by the County, if any, must be deposited into the Long Term Obligation Account and applied to the payment of Long Term Expenses in accordance with the provisions of Article IV of the Master Authorization.

(D) The proceeds of any insurance coverage constituting Revenues (other than the proceeds of liability insurance) must be deposited in the Revenue Account.

Operation and Maintenance of Disposal System (Section 5.8).

The County must, at all times (1) operate the Disposal System (or cause the same to be operated) properly and in a sound and economical manner, and (2) maintain, preserve and keep the same properly (or cause the same to be so maintained, preserved and kept), including all appurtenances thereto and every part and parcel thereof, in good repair, working order and condition. Further, the County must make (or cause to be made) from time to time, all necessary and proper repairs, replacements and renewals so that the operation of the Disposal System may be properly and advantageously conducted at all times. The County agrees, to the fullest extent permitted by applicable law, that it may not reduce or diminish geographic boundaries of, or the type of residences served within, the Collection and Disposal District; provided, however, that the County may reduce or diminish the geographic boundaries of, or the type of residences served within the Collection and Disposal District if the legislation that establishes County-wide solid waste Systems Benefit Charges is in full force and effect. The County covenants not to take any action that will impair its ability to impose or collect such solid waste Systems Benefit Charges.

Rules, Regulations and Other Details (Section 5.9).

(A) The County must establish and enforce reasonable rules and regulations governing the operation, use and services of the Disposal System and the Disposal Services, including the establishment of designated hauler licensing, registration or permit systems to enable the County to comply with its Flow Control Covenant and the other terms and conditions of the Master Authorization. The County must diligently proceed to obtain (or cause to be obtained), and thereafter to observe (or cause to be observed) the conditions of all required or necessary permits, licenses, approvals or consents for the acquisition and operation of the Disposal System or the provision of Disposal Services, and must observe, perform and comply with all applicable Federal, State and County laws, ordinances, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body to the extent that the same are applicable to the Disposal System, to the Disposal Services or to the County.

(B) The County must use its best efforts to cause others to obtain or observe and comply with the conditions and provisions of any permits relating to the Disposal System or the provisions of any laws relating to the Disposal System.

(C) The County must cause each licensed hauler to maintain collateral for the payment of any fees and charges that may become payable by such hauler to the extent permitted under the Solid Waste Act; provided, however, that the County is

not required to cause any hauler to maintain collateral if such haulers pay the County for any Disposal Services prior to, or concurrent with, the rendering of such services.

Payment of Lawful Charges and Compliance With Law (Section 5.10).

The County must pay (or cause to be paid) all taxes and assessments or other municipal or governmental charges, if any, which are lawfully levied or assessed upon it for or with respect to the Disposal System, or upon any part thereof or upon any Revenues derived therefrom, when the same become due. The County must duly observe and comply with, and must use its reasonable efforts to cause all of its contractors, subcontractors, employees and agents to observe and comply with, all valid Federal, State, County and local laws, regulations, rules and orders relating or applicable to the County, the Disposal System and the Disposal Services, and the County must not create or suffer to be created any lien or charge upon the Disposal System or upon any part thereof, except as permitted by the Master Authorization, and the County must not create or suffer to be created any lien or charge upon the Revenues, except as expressly provided by the terms of the Master Authorization. The County must pay and discharge (or cause to be paid and discharged) or must make adequate provision to satisfy and discharge within 60 days after the same must accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Disposal System or upon any part thereof or upon the Revenues; provided, however, that nothing contained in this Section requires the County to pay and discharge (or cause to be paid and discharged) any such lien or charge as long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Flow Control Covenant (Section 5.11).

The County must deliver or cause the delivery to the County System of all Disposable Refuse generated (a) from residences served within Collection and Disposal District and (b) from County facilities. It also obligates the County to use its best efforts (other than by legislation) to deliver or cause the delivery to the County System of substantially all other Disposable Refuse generated within the County. This obligation is subject to the provisions of the County Ten Year Plan that provide for the development of source reduction programs and commercial recycling programs which may be implemented through private facilities.

Competitive Facilities and Services; Private Solid Waste Acceptance Facilities (Section 5.12).

The County agrees, to the extent permitted by law, that it will not (i) construct, acquire or operate or permit or consent to the construction, acquisition or operation of any plants, structures, facilities or properties, or (ii) provide or permit to be provided any waste disposal services, that, in the case of (i) or (ii) may compete or tend to compete within the County with the Disposal System or Disposal Services and will not enter into a Long Term Obligation with respect to facilities outside the County which may tend to compete outside the County with the Disposal System or with the Disposal Services.

Rates and Charges; Rate Covenant (Section 5.13).

(A) With respect to the Disposal Services, the County must make, impose and charge rates, fees and other charges in accordance with the terms of the Solid Waste Act requiring the Solid Waste Collection and Disposal Fund to be maintained and managed so that revenues equal expenses; (“Act Requirement”), other applicable laws of the County and the State, and as provided for in the Master Authorization. In addition, the County must impose fees for Collection Services within the Collection and Disposal District sufficient to pay any Collection Expenses.

(B) The County must fix, charge and collect rates, fees and charges for the Disposal Services, and must revise such rates, fees and charges as may be necessary or appropriate, to produce in each Fiscal Year revenues which, when combined with balances in the General Account, the Rate Stabilization Account and, to the degree permissible, the Renewal and Replacement Account available for transfer to the Revenue Account, will in each Fiscal Year at least equal the sum of (1) 100% of the Operating Expenses for such Fiscal Year, plus (2) 110% of the Long Term Expenses respecting debt service plus 100% of the sum of the balances of amounts payable on Long Term Expenses for such Fiscal Year, plus (3) 100% of the sum of the amounts, if any, required to be deposited in the County Bond Debt Service Reserve Account, the Renewal and Replacement Account and the Rate Stabilization Account for such Fiscal Year.

(C) For purposes of (B) above, available balances in the General Account, the Rate Stabilization Account and the Renewal and Replacement Account may not exceed more than 25% of the rates, fees and charges which would have to be imposed in order to meet the requirements of (B) if such available balances were not considered or included in the computation.

(D) Other than (1) as provided in the Solid Waste Act relating to disposal by residents of up to 500 pounds of Disposable Refuse at an identified component of the Disposal System, and only to the extent required and permitted by the Act Requirement referred to above or (2) as required by any exigencies due to an emergency condition within the County, the County will neither furnish nor supply (nor cause to be furnished or supplied) any use of or service by the Disposal System free of charge to any person (including the County), and the County must, consistent with prudent solid waste management practices, enforce the payment of any and all accounts when due and owing, including the charges which are imposed pursuant to paragraph (B) above, to the County by reason of its ownership, operation or interest in the Disposal System or the provision of Disposal Services by all lawful means including filing suit therefor (in such cases as the County determines that an action for collection of such charges is consistent with prudent solid waste management practices) in accordance with the Solid Waste Act. Notwithstanding the foregoing, as long as the County is in compliance with the requirements of (A) and (B) above, the County

will be permitted to provide Disposal Services with respect to specified types of Disposable Refuse at reduced rates or for free so as to provide incentives for the use of particular Disposal System Components.

Annual Budget; Long Term Operating Plan (Section 5.14).

(A) The County must prepare, file and adopt an Annual Budget for each Fiscal Year in accordance with the provisions of the Solid Waste Act and the Master Authorization.

(B) The Annual Budget must be structured so as to permit compliance by the County with the Rate Covenant and with the Waste Disposal Agreement. The Annual Budget must set forth in reasonable detail the estimated Revenues, Operating Expenses, Long Term Expenses and other cash requirements of the Disposal System and such Annual Budget must include estimates of the amounts to be deposited during such Fiscal Year in the Accounts established under the Master Authorization, and, only if required by Applicable Law, appropriations for the amounts which are estimated to be expended from each Account established under the Master Authorization, with reasonable provision for contingency receipts and payments. In addition, such Annual Budget may in estimating such Revenues provide for a reserve for such portion of such Revenues which have not been or may not be collected by the County and may contemplate the use of amounts in the General Account which the County intends to use to reduce or offset the rates and charges imposed by the County pursuant to Section 5.13 of the Master Authorization. Nothing contained in the Annual Budget must supersede the provisions of the Master Authorization as to the application of Revenues or other amounts. The Annual Budget must also set forth such detail with respect to the Revenues, Operating Expenses, Long Term Expenses and other expenditures and such deposits, as required by law, and may set forth such additional information as the County may determine. In preparing the Annual Budget, the County must take into account any grants from any persons relating to the Disposal System and any moneys deposited by the County in its discretion in the Solid Waste Collection and Disposal Fund which are required by the terms thereof to be applied to a specific Capital Cost or Operating Expense and the County must apply such amounts to the purpose for which they were granted. Following the end of each quarter of each Fiscal Year, the County must review its estimates set forth in the Annual Budget for such Fiscal Year, and in the event that such estimates do not substantially correspond with actual Revenues, Operating Expenses, Long Term Expenses or other requirements of the County, the County Executive must adopt and file with the Director of Finance an amended Annual Budget or take such other actions as may be necessary, desirable or appropriate for the County to comply with its obligations under the Master Authorization for the remainder of the Fiscal Year. In addition, if at any time during any Fiscal Year, the County makes or becomes obligated to make payments which are not included in the then effective Annual Budget or are for unusual or extraordinary costs, the County must adopt and file with the Director of Finance an amended Annual Budget for the remainder of the Fiscal Year or take such other actions as may be necessary, desirable or appropriate for the County to comply with its obligations under the Master Authorization. Such amended Annual Budget may provide for the use of available moneys in the Rate Stabilization Account to avoid or reduce any increase in the rates and charges imposed by the County for the use of the Disposal System due to such unusual or extraordinary costs.

(C) A copy of the Annual Budget and any amendment thereto must be filed with the Director of Finance on or prior to the last day of each Fiscal Year and must be mailed by the County to any person with which the County has entered into a Long Term Obligation upon written request therefor.

(D) At least 60 days prior to the end of each Fiscal Year, the Consulting Engineer must provide a certificate to the County setting forth the Disposal System Reserve Requirement for the subsequent Fiscal Year. In calculating the Disposal System Reserve Requirement, the Consulting Engineer shall take into account any funds held for similar purposes for the Disposal System under Long Term Obligations. The County shall include such Disposal System Reserve Requirement in the Annual Budget required pursuant to this Section.

Limitations on Operating Expenses (Section 5.15).

The County must not incur Operating Expenses or any other costs which are payable from the Operating Account in any Fiscal Year in excess of the reasonable and necessary amount (in the discretion of the County) thereof; provided, that amounts payable under Long Term Obligations will be deemed reasonable and necessary. Nothing which is contained in Section 5.15 of the Master Authorization limits the amount that the County may expend for Operating Expenses in any Fiscal Year.

Other County Activities (Section 5.17).

Except as and to the extent expressly provided in the Master Authorization, the County must not apply the Revenues, or use any Disposal System Component or any other County asset which is actually used or expressly dedicated to the provision of Disposal Services or which is required to enable the County to satisfy its Service Covenant, Flow Control Covenant or Rate Covenant for any other purpose than those described in the Master Authorization.

Accounts and Audit (Section 5.18).

The County must keep proper books of account in which complete and correct entries must be made of its transactions relating to the Disposal System or any part thereof and the Disposal Services and must cause its books and accounts to be audited annually as of the end of each Fiscal Year.

Ownership of Disposal System (Section 5.19).

The County must not enter into any contract which provides for payment to be made for labor or to contractors, builders or materialmen on account of the construction or reconstruction of any part of the Disposal System (excluding the Authority Component) which is owned by the County, unless such part is located on lands to which the title or over which perpetual easement, in either case sufficient for the purposes of the County, is owned by the County or leased by the County for a term in excess of the expected useful life of the component of the Disposal System which is owned by the County, or unless such part is a part of the Disposal System which is located on land in which a right or interest less than a fee simple or a perpetual easement has been acquired from the United States of America, the State or from a political subdivision thereof or from a public utility and such lesser right or interest has been approved by an opinion of Bond Counsel as being sufficient for the purposes of the County.

Creation of Liens; Subordinated Indebtedness (Section 5.20).

Except as provided in this Section, the County must not issue any bonds, notes, or other evidences of indebtedness or enter into any obligations, other than Long Term Obligations, which are secured by a pledge of or other lien or charge on the Revenues and must not create or cause to be created any lien or charge on such Revenues under the terms of the Master Authorization; provided, however, that neither this Section nor any other provision of the Master Authorization prevents the County from issuing bonds or notes or other obligations for the purposes of the County which are payable out of or which are secured by a pledge of Revenues which are to be derived on and after such date as there are no longer any Long Term Obligations outstanding. In addition, the County is not prevented from issuing bonds or notes or other obligations for the purposes of the County which are payable out of or which are secured by a subordinate pledge of the Revenues, or by a pledge of amounts which may be withdrawn from the General Account pursuant to the terms of Section 4.15 of the Master Authorization, and (1) that are issued for a purpose, the completion of which, in the opinion of an Authorized County Officer, will not cause a reduction in Revenues to be thereafter derived by or for the account of the County, (2) which must recite on their face that (a) such pledge of said amounts is and must be in all respects subordinate to the provisions of the Master Authorization and the lien and pledge created by the Master Authorization and (b) no payment of the principal or redemption price of or interest on such obligations shall be made in any year, nor shall any Revenues or other assets of the Disposal System be applied to the purchase or other acquisition or retirement of such obligation unless (i) all Long Term Expenses and all deposits to the Operating Account, the County Bond Debt Service Reserve Account, the Renewal and Replacement Account and the Rate Stabilization Account for such year have been made and (ii) no Event of Default has occurred and is continuing or would occur immediately after giving effect to such payment or application and (3) there is delivered to the Director of Finance a certificate of a Consulting Engineer meeting the requirements of Section 3.2(A)(7) of the Master Authorization as if such Subordinated Indebtedness were a Long Term Obligation.

Sale or Encumbrance (Section 5.21).

(A) Except to the extent provided in the Project Site Lease, the Waste Disposal Agreement, and the Bond Documents, no part of the Disposal System may be sold, mortgaged, pledged, encumbered or otherwise disposed of by the County, except for dispositions in the ordinary course of business and except as provided below.

(1) The County may sell or exchange or otherwise dispose of at any time and from time to time, any property, equipment or facilities constituting part of the Disposal System only if (a) the County determines that such property, equipment or facilities are not useful in the ownership or operation of the Disposal System or (b) if the proceeds of such sale are \$5,000,000 or less, the County files with the Director of Finance a certificate of the Consulting Engineer stating, in the opinion of the signer, that the fair value of the property, equipment or facilities sold or exchanged is \$5,000,000 or less, or (c) if such proceeds or fair value exceeds \$5,000,000, the County files with the Director of Finance a certificate of the Consulting Engineer stating, in the opinion of the signer, that the sale or exchange of such property, equipment or facilities will not impair the ability of the County to comply during the current or any future year with the Service Covenant or the Rate Covenant. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Disposal System must be deposited in the Long Term Obligation Account and applied to the payment of Long Term Expenses.

(2) The County may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the Disposal System, only if it determines that such part of the Disposal System is not useful in the operation of the Disposal System and provided that any such lease, contract, license, arrangement, easement or right (a) does not impede such operation by the County of the Disposal System and (b) does not in any manner materially impair or adversely affect the rights of the County or the rights or security of persons with which the County has entered into Long Term Obligations; and provided, further, that if the fair value of the property to be covered by any such lease, contract, license, arrangement, easement or other right exceeds \$5,000,000, the Consulting Engineer must first certify that the action of the County with respect thereto does not result in a breach of the conditions under this paragraph. Any payments received by the County under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the Disposal System will constitute Revenues. Any payments received under or in connection with any such lease, contract, license,

arrangement, easement or right in respect of the Disposal System, or any part thereof, must constitute Revenues and must be paid directly into the Revenue Account.

(B) In addition to the requirements of (A) above, no part of the Disposal System may be sold, exchanged, leased, mortgaged or otherwise disposed of unless the County receives an opinion from Bond Counsel to the effect that such sale, exchange, lease, mortgage or other disposition will not adversely affect the exclusion of the interest payable on the bonds from gross income for Federal income tax purposes to the extent that such portion of the Disposal System was financed through the issuance of Tax-Exempt Obligations.

Consulting Engineer (Section 5.23).

(A) The County must designate a Consulting Engineer from time to time to provide the services and certifications required under the Master Authorization.

(B) At least 30 days prior to the preparation of the Annual Budget by the County in each Fiscal Year, the Consulting Engineer must file with the County a report on the then current state of the Disposal System containing specified information including (1) the level of progress made with respect to the construction or repair of any Disposal System Component (if applicable), (2) the sufficiency of the County's program of maintenance and repair of the Disposal System and (3) any other relevant aspect of the Disposal System or the County's performance of its obligations under the Master Authorization. Such report must also set forth in tabular form, as to the succeeding Fiscal Year, the Consulting Engineer's estimate of the following: (1) estimated Operating Expenses, (2) Long Term Expenses, (3) the sum of all amounts estimated to be paid into and credited to the Revenue Account pursuant to Section 4.9 or Section 5.13 of the Master Authorization, (4) the estimated volume and classification of Disposable Refuse (expressed in tons or otherwise) expected to be disposed of by operation of the Disposal System and the provision of Disposal Services and setting forth the minimum rates and charges for such Fiscal Year necessary and required to be in effect for the whole of such Fiscal Year so as to comply with the provisions of Section 5.13 of the Master Authorization, and (5) the amount which is payable during such Fiscal Year so as to amortize any future closure costs which will be payable in connection with the termination or closure of any Disposal System Component.

Long Term Disposal System Report (Section 5.24).

(A) Within four years of the execution of the first Long Term Obligation pursuant to the Master Authorization, the County must prepare a Long Term Capital Improvement Report (the "Capital Improvement Report"). Such report must describe any major capital improvements in connection with the Disposal System contemplated by the County in connection with the Disposal System to be constructed within a six-year period subsequent to the preparation of the report (or any update thereof). The County must update the Capital Improvement Report at least once every two years following its initial preparation.

(B) The Capital Improvement Report must also outline the County's intended method of financing the closure of any Disposal System Components to the extent applicable. The Capital Improvement Report must specify whether the County intends to finance such costs (1) by paying them on a current basis as they are incurred, (2) through the issuance of County Bonds at the time of closure, or (3) through the use of moneys in the Renewal and Replacement Account. To the extent the County intends to use moneys in the Renewal and Replacement Account for such purpose, the Disposal System Reserve Requirement must include in each Fiscal Year prior to the contemplated closure an amount which, together with all deposits for such purpose in the Fiscal Years prior to such closure, will be sufficient to pay the estimated costs of the closure.

Appointment of Default Trustee (Section 6.1).

Allfirst Trust Company National Association (formerly known as First National Bank of Maryland), a national banking association having trust powers, has been appointed under the Master Authorization to serve as Default Trustee.

Deposit of Funds (Section 6.5).

To the extent permitted by law, all moneys (not including securities) which are held by any Fiduciary pursuant to the terms of the Master Authorization, may be deposited by it, in demand or time deposits, in its banking department or with such other banks, trust companies, national banking associations or other banking institutions, each having its principal office in the State, as may be designated by the County. Interest with respect to moneys or securities which are on deposit in any fund or account must be credited in each case to the fund or account in which such moneys or securities are held.

Compensation (Section 6.7).

Unless otherwise provided by the terms of a contract with the Fiduciary, the County must pay reasonable compensation from time to time to each Fiduciary for all services rendered by it under the Master Authorization, and the County must also reimburse any Fiduciary for all of its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees which are incurred in the performance of its powers and duties under the Master Authorization.

Resignation of Fiduciary (Section 6.9).

A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Master Authorization or Bond Resolution by following specific procedures described in the Master Authorization.

Removal (Section 6.10).

Any Fiduciary, or any successor thereof, may be removed at any time by the County by written instrument, except during the pendency of any Event of Default, upon the appointment and assumption of office of a successor.

Appointment of Successor Fiduciary (Section 6.11).

In case any Fiduciary, or any successor thereof, resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Fiduciary or of its property is appointed, or if any public officer must take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the County. Any successor Fiduciary appointed under the provisions of this Section must be a bank, trust company, national banking association or other banking institution doing business and having its principal office located in the State or (in the case of a Paying Agent, in the State or in the Borough of Manhattan, City and State of New York) having the qualifications which are prescribed by the Master Authorization.

Events of Default (Section 7.1).

The occurrence of any of the following events is defined as and is declared to be and to constitute an "Event of Default" under the Master Authorization:

- (1) Default in the due and punctual payment of any amount owed under Long Term Obligations;
- (2) Subject to the provisions of Section 7.9 of the Master Authorization (relating to the opportunity of the County to cure defaults), failure by the County to observe and to perform any covenant, condition or agreement on the part of the County which is provided by the Master Authorization and the continuance of such failure for a period of thirty (30) days after written notice, or such longer period as must be provided under Section 7.9 of the Master Authorization, specifying such failure and requesting that it be remedied, has been given to the County; or
- (3) The filing by the County or the Solid Waste Collection and Disposal Fund of a petition seeking relief under any federal or state bankruptcy or similar laws.

Notwithstanding the foregoing provisions, no breach by the County pursuant to Section 8.1 of the Waste Disposal Agreement shall constitute an "Event of Default" under the Master Authorization unless the Authority in writing to the Default Trustee instructs the Default Trustee to undertake its responsibilities under the Master Authorization.

Remedies (Section 7.2).

(A) Upon the occurrence of an Event of Default, the Default Trustee may pursue any remedy which is available to it at law or in equity or by statute, including the appointment of a judicially approved receiver of the Revenues and assets of the County pledged and assigned under the Master Authorization to the extent allowed by law. However, the appointment of a trustee or receiver does not limit the obligation of the County to continue to perform its obligations under the terms of the Master Authorization.

(B) In addition to any other remedies, the Default Trustee has, upon the occurrence of an Event of Default, the right to have delivered to it all the funds in any account established under Article IV of the Master Authorization and the right to receive all Revenues from whatever source. The County must thereafter cause any and all Revenues to be paid directly to the Default Trustee and must remit immediately to the Default Trustee any Revenues it receives.

Rights of Persons With Which the County Has Entered Into Long Term Obligations (Section 7.3).

If an Event of Default has occurred and is continuing and if requested to do so by a Person which enters into a Long Term Obligation with the County and if indemnified as provided in the Master Authorization, the Default Trustee is obligated to exercise one or more of the rights and the remedies conferred by the Master Authorization as the Default Trustee deems to be in the interests of any Person which enters into a Long Term Obligation with the County and which are not contrary to law. Except as specifically provided in the Waste Disposal Agreement, no Person which enters into a Long Term Obligation with the County has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the provisions of the Master Authorization, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other remedy thereunder, unless (1) a default has occurred of which an authorized officer of the Default Trustee has been notified as provided in the Master Authorization; (2) such default has become an Event of Default and the Default Trustee has been offered reasonable opportunity either to proceed to exercise the powers which were thereinbefore granted or to institute such action, suit or proceeding in its own name; (3) such person with which the County has entered into a Long Term Obligation has provided the Default Trustee with the indemnification which is provided in the Master Authorization; and (4) the Default Trustee has thereafter failed or refused to exercise the powers thereinbefore granted or to institute such action, suit or proceedings in its, his, her, or their own name or names.

Rights of Persons With Which the County Has Entered Into Long Term Obligations to Direct Proceedings (Section 7.4).

(A) Anything in the Master Authorization to the contrary notwithstanding, a majority of the persons with whom the County has entered into Long Term Obligations have the right, at any time by a written instrument or instruments which is

duly executed and delivered to the Default Trustee, to direct the method and the place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Master Authorization or for the appointment of a receiver or any other proceeding hereunder; provided, however, that such direction must not be otherwise than in accordance with the provisions of law and the provisions of the Master Authorization.

(B) The Default Trustee must determine whether or not there exists a majority of persons with which the County has entered into Long Term Obligations for purposes of (A) above on the basis of the outstanding amount of indebtedness issued in accordance with Long Term Obligations in the manner described in this clause (B). The Default Trustee must determine the sum ("Total Indebtedness") of (1) the aggregate amount of Outstanding County Bonds and (2) the aggregate amount of Outstanding indebtedness issued in accordance with the provisions of Long Term Obligations described in clause (2) of the definition thereof. The Default Trustee must then assign a number of votes to the holders of Outstanding County Bonds equal to the product of (a) a fraction the numerator of which is the aggregate amount of Outstanding County Bonds and the denominator of which is the Total Indebtedness, times (b) 100. The Default Trustee must then assign to each person with which the County has entered into a Long Term Obligation described in clause (2) of the definition thereof a number of votes equal to the product of (a) a fraction the numerator of which is the amount of indebtedness issued in accordance with such Long Term Obligation then Outstanding and the denominator of which is the Total Indebtedness, times (b) 100.

Application of Moneys (Section 7.5).

(A) All moneys which are received by the Default Trustee pursuant to any right which is given or any action which is taken under the provisions of Article VII of the Master Authorization must be deposited into the Long Term Obligation Account (after payment of the costs and the expenses of the proceedings resulting in the collection of such moneys and after payment of the fees, expenses, liabilities and advances which have been incurred or made by the Default Trustee, including legal fees), and all moneys which are on deposit in the various accounts established under the terms of the Master Authorization (except the Rebate Account) must be applied as follows:

First: To the payment of all Operating Expenses and, as certified to the Default Trustee by the Consulting Engineer, for the reasonable and necessary renewals, repairs and replacements of any Disposal System Component so as to prevent any decrease in the amount of Revenues charged and collected; and

Second: To the payment of Long Term Expenses which are then due on Long Term Obligations and, if the amount which is available is not sufficient to pay in full all such amounts, then to the payment ratably, according to the respective amounts then due on such Long Term Obligations as calculated in accordance with Section 7.4(B) of the Master Authorization, to the persons who are entitled thereto, without any discrimination or privilege; and

Third: To the payment of certain general obligations bonds issued prior to the effectiveness of the Master Authorization ("Prior County Bonds").

(B) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys must be applied at such times, and from time to time, as the Default Trustee determines, having due regard to the amount of moneys which are available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Default Trustee applies such funds, it must fix the date upon which application is to be made. The Default Trustee must give notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date.

(C) Whenever all amounts which are required to be paid by the County pursuant to the provisions of all Long Term Obligations and Prior County Bonds have been paid under the provisions of this Section and all fees, expenses, including legal fees, and charges of the Default Trustee have been paid, any balance which is remaining in the Long Term Obligation Account must be paid to the County.

Waivers of Defaults (Section 7.8).

The Default Trustee may in its discretion waive any Event of Default, and the consequences specified in Section 7.2 of the Master Authorization, and rescind any declaration of maturity of principal and must do so upon the written request of a majority of the persons with whom the County has entered into Long Term Obligations. Upon such waiver or rescission or in case any proceedings taken by the Default Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the County, the Default Trustee and the persons with whom the County entered into Long Term Obligations will be restored to their former positions and rights under the Master Authorization, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Notice of Events of Default; Opportunity of the County to Cure Defaults (Section 7.9).

No Event of Default which is specified in clause (2) under the caption "Events of Default" herein will constitute an Event of Default thereunder until notice of such Event of Default has been given by the Default Trustee or by persons with whom the County has entered into a Long Term Obligation to the County, by registered or certified mail, and the County has had thirty (30) days after receipt of such notice to correct such Event of Default or cause such Event of Default to be corrected and has not corrected such Event of Default or caused such Event of Default to be corrected within the applicable period; provided, however,

that if such Event of Default is such that it cannot be corrected within the applicable period, it will not Constitute an Event of Default if corrective action which is designed to remedy such Event of Default is instituted by the County within the applicable period and diligently pursued until such Event of Default is corrected.

SUMMARY OF CERTAIN PROVISIONS OF THE PEPCO INTERCONNECTION AGREEMENT

The following summarizes certain provisions of the PEPCO Interconnection Agreement between the Authority and PEPCO. This summary does not purport to set forth all of the provisions of the Agreement and is qualified by reference to the PEPCO Interconnection Agreement in its entirety for the complete and actual terms thereof.

Interconnection Service

Pursuant to the terms of the PEPCO Interconnection Agreement, PEPCO permits the Authority to interconnect the Resource Recovery Facility as long as the Authority operates the Resource Recovery Facility pursuant to the requirements of PJM and good utility practice. Interconnection service includes distribution service for the delivery of energy, capacity or ancillary services from the Resource Recovery Facility to the PJM power grid.

Term

The PEPCO Interconnection Agreement will remain in full force and effect until the earlier to occur of (i) permanent cessation by the Authority of the power generation functions at the Resource Recovery Facility, (ii) permanent cessation of the interconnection functions of the PEPCO transmission system or (iii) subject to regulatory approval, 30 days after the Authority gives notice of its election to terminate.

Events of Default

Each of the following is an Authority event of default: (i) failure to pay an amount then due within 20 days of receipt of written notice of non-payment, (ii) breach of a material term or condition under the PEPCO Interconnection Agreement, (iii) appointment of a receiver, liquidator or trustee for either party, (iv) entry of a decree adjudicating a party as bankrupt and (v) the filing of a petition of bankruptcy.

Termination

Upon the occurrence of an event of default, either party may terminate the PEPCO Interconnection Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE PJM INTERCONNECTION SERVICES AGREEMENT

The following summarizes certain provisions of the PJM Interconnection Services Agreement between the Authority and PJM. This summary does not purport to set forth all of the provisions of the Agreement and is qualified by reference to the PJM Interconnection Services Agreement in its entirety for the complete and actual terms thereof.

Interconnection Service

PJM agrees to provide for the interconnection of the Resource Recovery Facility to the transmission system in the PJM control area.

Term

The Interconnection Service Agreement will remain in full force and effect until it is terminated.

PJM Open Access Transmission Tariff and Operating Agreement

The PJM Interconnection Services Agreement incorporates the PJM Open Access Transmission Tariff and Operating Agreement, as approved by the Federal Energy Regulatory Commission and as amended from time to time.

Breach, Cure and Default

Each of the following is an Authority breach of the Authority's obligations under PJM Interconnection Service Agreement or the PJM Open Access Transmission Tariff: (i) a failure to pay an amount due, (ii) failure to abide by the rules and procedures pertaining to generation in the PJM control area and (iii) a material breach of its representations and warranties under the PJM Interconnection Service Agreement. If the Authority commits a breach of the PJM Interconnection Services Agreement or the PJM Open Access Tariff and does not in good faith take all steps necessary to cure such breach within 30 days of receipt of written notice of such breach, it will be a default.

Termination

PJM may terminate interconnection service upon the Authority's default under the PJM Interconnection Service Agreement or the PJM Open Access Transmission Tariff provided that PJM may not terminate such interconnection service for a failure to make payment unless such failure could reasonably be expected to have a material adverse effect on the interconnected transmission owner, in this case, PEPCO.

SUMMARY OF CERTAIN PROVISIONS OF THE LANDFILL AGREEMENT

The following summarizes certain provisions of the Landfill Agreement. This summary does not purport to set forth all of the provisions of the Landfill Agreement and is qualified by reference to the Landfill Agreement in its entirety for the complete and terms thereof. As used in this summary, "Landfill Waste" means Residue and Acceptable Waste. Other capitalized terms are defined in Appendix A, Summary of Certain Definitions.

Delivery and Acceptance of Landfill Waste from the Processing of Waste Generated

Subject to the County's rights to refuse certain waste, the County must accept at the County Designated Landfill (to the extent the County has sufficient capacity at the County Designated Landfill) all Landfill Waste that is delivered to the County Designated Landfill by or on behalf of the Authority.

The County may refuse delivery of: (1) Hazardous Waste; (2) Landfill Waste delivered at hours other than the Landfill Receiving Hours or at certain other hours as provided in the Landfill Agreement; (3) Unacceptable Waste and (4) Acceptable Waste delivered by a Designated Hauler in excess of a limitation imposed by the Authority on the amount of waste that may be delivered by such Designated Hauler.

If the County has disposal capacity available and refuses to accept material delivered by or on behalf of the Authority for disposal at the County Designated Landfill for any reason other than as provided in the preceding paragraph, the County must pay the Authority an amount equal to the direct costs and expenses incurred by the Authority in transporting and disposing of such material unless such amounts were paid to the Authority pursuant to the Waste Disposal Agreement.

Authority Payments

For each ton of Landfill Waste delivered to the County Designated Landfill by or on behalf of the Authority, the Authority must pay a fee to the County as may be established from time to time by an order of the County Executive or resolution of the County Council.

Effect of Force Majeure

Neither party will be in default or liable to the other party for its failure to perform its obligations under the Landfill Agreement, if such failure results from an event of force majeure. Each party must seek diligently to overcome or remove a force majeure that affects its ability to perform its obligations as soon as possible.

Operations during a Landfill Shutdown

During a shutdown of the County Designated Landfill, the County must (1) accept Landfill Waste at the County Designated Landfill to the extent the County Designated Landfill is capable of accepting the Landfill Waste, and (2) if the County Designated Landfill is not capable of accepting all Landfill Waste that the Authority is entitled to deliver, promptly use reasonable efforts to provide or make available to the Authority an alternate facility or site for the acceptance of Landfill Waste that the County cannot accept at the County Designated Landfill. If the County fails to do so, the Authority must use reasonable efforts to locate a landfill or other facility for the disposal of Landfill Waste. To the extent permitted by law, the Authority and the County must cooperate in the locating, licensing or acquisition of such alternative site.

Events of Default

The following constitute events of default under the Landfill Agreement:

- the failure by either party to pay any amount that is required to be paid to the other party under the Landfill Agreement within 30 days after receipt of written demand therefor accompanied by notice stating that unless such amount is paid within 30 days after such demand, the failure will constitute an event of default; or
- the persistent or repeated failure or refusal by either party to fulfill any of its material obligations in accordance with the Landfill Agreement, unless such failure or refusal is excused or justified pursuant to the provisions of the Landfill Agreement, provided that no such failure or refusal constitutes an event of default unless and until the party entitled to performance has given written notice to the other party stating that, in its opinion, a particular default or defaults (described in reasonable detail in such notice) exists that will, unless corrected, constitute a material breach of the Landfill Agreement and will, in its opinion, give the party entitled to performance a right to terminate its obligations under the Landfill Agreement for cause unless such default is cured within a reasonable period of time; or
- the nonperforming party has neither corrected the default nor initiated reasonable steps to correct it within a reasonable period of time (which will in any event be not less than 10 days from the date of the notice of the default), provided that if the nonperforming party has commenced to take reasonable steps to correct the default within such reasonable period of time, the default will not

constitute an event of default for as long as the nonperforming party is continuing to take reasonable steps to correct it.

Remedies for Nonperformance

If the Authority or any person acting for or on behalf of the Authority fails to perform any of its obligations, the right to recover damages or to be reimbursed will constitute an adequate remedy and the County does not have a right to terminate the Landfill Agreement for any breach thereunder.

A breach by the County of its obligations may cause irreparable harm to the Authority and, without limiting any other rights or remedies which the Authority may have with respect to such breach, the Authority will be entitled to injunctive or mandamus relief to enforce the County's obligations under the Landfill Agreement.

The provisions of the Landfill Agreement relating to the County's right to refuse waste that require the payment by the County of liquidated damages for certain events of default under the Landfill Agreement do not preclude, prohibit or otherwise limit the Authority from pursuing other remedies at law or in equity to enforce the rights of the Authority under the Landfill Agreement, or cause the performance by the County of its obligations under the Landfill Agreement.

Term

The Landfill Agreement will remain in effect until the latest of (i) the date on which the Waste Disposal Agreement terminates, (ii) the earlier of the Maturity Date or the date on which the County assumes all of the Authority's obligations under the Bond Documents, and (iii) the earlier of the date on which the Service Agreement terminates or the date on which the County assumes all of the Authority's obligations under the Service Agreement.

The Company as the Authority's Provider of Landfill Waste Under the Landfill Agreement

The performance by the Company of the Authority's obligations under the Landfill Agreement constitutes performance of such obligations by the Authority for all purposes of the Landfill Agreement. The performance by the County of the County's obligations under the Landfill Agreement to the satisfaction of the Company constitutes performance of the County's obligations to the Authority under the Landfill Agreement for all purposes.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

February 28, 2013

Northeast Maryland Waste Disposal Authority
Solid Waste Refunding Revenue Bonds
(Montgomery County Solid Waste Disposal System)
Series 2013 (AMT)

Northeast Maryland Waste Disposal Authority
Baltimore, Maryland

Ladies and Gentlemen:

We have acted as bond counsel to the Northeast Maryland Waste Disposal Authority (the "Authority"), in connection with the issuance by the Authority of \$77,685,000 aggregate principal amount of its Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series 2013 (AMT) (the "Series 2013 Bonds"), pursuant to an Indenture of Trust dated as of March 1, 1993, between the Authority and the Bank of New York Mellon (the "Trustee"), as amended (the "Indenture") including a Second Supplemental Indenture of Trust dated as of February 28, 2013 between the Authority and the Trustee. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Indenture.

The Series 2013 Bonds are issuable as fully registered bonds, dated their date of delivery, in denominations of \$5,000, or any integral multiple thereof. The Series 2013 Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Indenture.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion letter, including, without limitation, Chapter 871 of the Laws of Maryland of 1980, as amended (codified as sections 3-901 through 3-929 of the Natural Resources Article of the Annotated Code of Maryland (2012 Replacement Volume)) (the "Act"), relevant provisions of the Constitution and laws of the State of Maryland, a certified transcript of the record of proceedings of the Authority taken preliminary to and in the authorization of the Series 2013 Bonds, a form of the Series 2013 Bonds, the Amended and Restated Waste Disposal Agreement dated April 3, 2003 (the "Waste Disposal Agreement"), between the Authority and Montgomery County, Maryland (the "County") and certificates of the Authority (specifically including a tax certificate and a pricing certificate) and of others in connection with the issuance of the Series 2013 Bonds.

As to questions of fact, we have relied upon the representations of the Authority, the County and other parties contained in the Indenture, in the certified proceedings and in the aforesaid reports, certificates and other instruments, and have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of all documents submitted to us and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies), without undertaking to verify the same by independent investigation. We have also relied on a report of Samuel Klein and Company, Certified Public Accountants, verifying certain mathematical computations with respect to the federal securities and any initial cash deposited into the escrow account under an escrow agreement to pay or redeem certain refunded bonds of the Authority as provided in such escrow agreement.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

(a) The Authority 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 Authority and constitutes a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms. As provided by the Act, the Indenture creates the valid pledge of and the valid lien upon the Revenues (as defined in the Indenture) and all moneys, securities and funds held or set aside under the Indenture that it purports to create subject only to the provisions of the Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

(c) The Waste Disposal Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the County, constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

(d) The Authority is duly authorized and entitled to issue the Series 2013 Bonds. The Series 2013 Bonds executed and authenticated as provided in the Indenture have been duly and validly issued and constitute valid and binding limited obligations of the Authority, payable solely from Revenues and other amounts pledged to such payment under the Indenture.

(e) By the terms of the Act and the Indenture, the Series 2013 Bonds do not constitute a debt or liability of the State of Maryland or of any political subdivision thereof, including the Authority. Neither the State of Maryland nor any political subdivision thereof nor the Authority shall be obligated to pay the Series 2013 Bonds or the interest thereon except from the Revenues and to the extent provided in the Indenture, the moneys held in the funds and accounts established under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof or of the Authority is pledged to the payment of the principal of or the interest on the Series 2013 Bonds. The issuance of the Series 2013 Bonds is not directly or indirectly or contingently an obligation, moral or other, of the State of Maryland or of any political subdivision thereof, or of the Authority to levy or pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority has no taxing power and has no claim on any revenues or receipts of the State of Maryland or any agency or, except to the extent provided in the Amended and Restated Waste Disposal Agreement dated April 3, 2003 (the "Waste Disposal Agreement"), between the Authority and Montgomery County, Maryland (the "County"), any political subdivision thereof.

(f) Assuming compliance with the covenants described below, interest on the Series 2013 Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions, except, with respect to any Series 2013 Bond, during the period that such Series 2013 Bond is owned by a "substantial user" of the financed facilities or a "related person" (as such terms are used in Section 147(a) of the Code). It should be noted, however, that interest on the Series 2013 Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the issuance of the Series 2013 Bonds in order for interest on the Series 2013 Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Series 2013 Bonds. These include a requirement that certain investment earnings received from the investment of the proceeds of the Series 2013 Bonds be rebated to the United States of America under certain circumstances, and other requirements applicable to the investment of the proceeds of the Series 2013 Bonds and the facilities financed with the proceeds of the Series 2013 Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Series 2013 Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Authority and the County have made certain covenants regarding the investment of the proceeds of the Series 2013 Bonds and with respect to the taking of actions required to maintain the excludability of interest on the Series 2013 Bonds from gross income for federal income tax purposes. We have assumed compliance with such covenants in rendering these opinions.

(g) By the terms of the Act, the Series 2013 Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in the sale or exchange thereof, shall at all times 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 agencies of any kind.

It is to be understood that the rights of the owners of the Series 2013 Bonds and the enforceability of the Series 2013 Bonds, the Indenture and the Waste Disposal Agreement may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State of Maryland and its governmental bodies of the police power inherent in the sovereignty of the State of Maryland, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Indenture are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the Authority to pay the principal of, and interest on, the Series 2013 Bonds.

We are passing in this opinion only upon those matters set forth herein and are not passing in this opinion upon the accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2013 Bonds or any other matter.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter.

Very truly yours,

APPENDIX G

NOTICE OF SALE

\$78,980,000*

**NORTHEAST MARYLAND WASTE DISPOSAL AUTHORITY
Solid Waste Refunding Revenue Bonds
(Montgomery County Solid Waste Disposal System)
Series 2013 (AMT)**

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) only, will be received by the Executive Director of the Northeast Maryland Waste Disposal Authority (the "Authority") for the purchase of all, but not less than all, of the Authority's \$78,980,000* Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series 2013 (AMT) (the "Series 2013 Bonds"), until 10:30 a.m., local Baltimore, Maryland time, on Thursday, February 14, 2013.

The Series 2013 Bonds

Authorization and Security

The Series 2013 Bonds are authorized to be issued under and pursuant to an Indenture of Trust dated as of March 1, 1993, as amended (the "Indenture"), including a Second Supplemental Indenture of Trust between the Authority and The Bank of New York Mellon, as Trustee (the "Trustee").

The Series 2013 Bonds are limited obligations of the Authority payable solely from and secured by the Project Revenues and other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the State of Maryland or of any political subdivision thereof, including Montgomery County, Maryland (the "County"), or of the Authority is pledged to the payment of the principal of, redemption premium, if any, or the interest on, the Series 2013 Bonds. The Authority has no taxing power.

Book-Entry Only

Initially, one bond representing each maturity of each series will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Series 2013 Bonds and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series 2013 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Series 2013 Bonds purchased. The winning bidder of the Series 2013 Bonds, as a condition to delivery of the Series 2013 Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

So long as the Series 2013 Bonds are in book-entry only form, the Trustee will serve as Registrar and Paying Agent for the Series 2013 Bonds. The Authority reserves the right to designate a successor Registrar and Paying Agent for the Series 2013 Bonds if the Series 2013 Bonds at any time cease to be in book-entry only form.

Description of the Series 2013 Bonds and Interest Payment Dates

All Series 2013 Bonds shall be in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, shall be dated the date of delivery (expected to be February 28, 2013) and shall bear interest payable on October 1, 2013 and semi-annually thereafter on the first days of April and October. This Notice of Sale, and the information set forth herein, are not to be treated as a complete disclosure of all relevant information with respect to the Series 2013 Bonds. The information set forth herein is subject, in all respects, to a more complete description of the Series 2013 Bonds and the security therefore set forth in the Preliminary Official Statement of the Northeast Maryland Waste Disposal Authority, in respect to the Series 2013 Bonds (the "Preliminary Official Statement").

*Preliminary, subject to adjustment as provided herein.

Principal Amortization of the Series 2013 Bonds

Principal of the Series 2013 Bonds will be paid annually on the first day of April in the following years and in the following aggregate amounts:

Maturing April 1	Annual Amount Maturing*
2014	\$20,865,000
2015	\$19,915,000
2016	\$38,200,000

*Preliminary, subject to adjustment as provided herein.

Adjustment to Principal Amounts

The preliminary aggregate principal amount of the Series 2013 Bonds and the preliminary principal amount of each annual payment on the Series 2013 Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount" of each annual payment, respectively; collectively, the "Preliminary Amounts") may be revised before the receipt of electronic bids for their purchase. ANY SUCH REVISIONS made prior to the receipt of electronic bids (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount" of each annual payment, respectively; collectively, the "Revised Amounts") WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.TM3.com) NOT LATER THAN 4:00 p.m. (LOCAL BALTIMORE, MARYLAND TIME) ON THE LAST BUSINESS DAY PRIOR TO THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

As promptly as reasonably possible after the bids are received, the Authority will notify the bidder to whom the Series 2013 Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Authority of the initial reoffering prices to the public of each maturity of the Series 2013 Bonds (the "Initial Reoffering Prices"). Such Initial Reoffering Prices, among other things, will be used by the Authority to calculate the final principal amount of each annual payment on the Series 2013 Bonds (the "Final Aggregate Principal Amount" and the "Final Principal Amount" of each annual payment, respectively; collectively, the "Final Amounts") to accommodate the refunding objectives of the Authority. The Final Aggregate Principal Amount of the Series 2013 Bonds will not be reduced or increased by more than 15% from the Revised Aggregate Principal Amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS. The dollar amount bid by the successful bidder will be adjusted to reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of the Series 2013 Bonds from the selling compensation that would have been received based on the purchase price for the Series 2013 Bonds in the winning bid and the Initial Reoffering Prices. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 3:00 P.M. the day after awarding the Series 2013 Bonds.

Redemption

The Series 2013 Bonds are not subject to optional redemption prior to their maturity; however, the Series 2013 Bonds are subject to extraordinary redemption prior to their maturity upon the occurrence of certain events described in the Preliminary Official Statement at the election of the Authority upon the direction of the County.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 806-8304 to become a customer. By submitting a bid for the Series 2013 Bonds, a prospective bidder represents and warrants to the Authority that such bidder's bid for the purchase of the Series 2013 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 2013 Bonds.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 806-8304.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Authority nor BiDCOMP/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 Authority nor BiDCOMP/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 BiDCOMP/Parity. The Authority is using BiDCOMP/Parity as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Series 2013 Bonds. The Authority is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this 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 BiDCOMP/Parity are the sole responsibility of the bidders; and the Authority is not responsible, directly or indirectly, for any 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 2013 Bonds, it should telephone BiDCOMP/Parity and notify the Authority by facsimile at (410) 333-2721.

Neither the Authority, the Authority's Financial Advisor, nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines, or any other cause arising from delivery by Internet transmission. All bids will be deemed to incorporate the provisions of this Notice of Sale.

Bidding Procedures

Bids must be submitted electronically for the purchase of the Series 2013 Bonds (all or none) by means of the Authority AON Bid Form (the "Bid Form") via BiDCOMP/Parity by 10:30 a.m., local Baltimore, Maryland time, on February 14, 2013 unless postponed as described herein (see "Change of Bid Date and Closing Date"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the Authority's Executive Director, each bid will constitute an irrevocable offer to purchase the Series 2013 Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Authority, as described under "Award of Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP. No bid will be received after the time for receiving such bids specified above.

Bid Specifications

Each proposal for the Series 2013 Bonds must specify the amount bid for such Series 2013 Bonds and must specify in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Series 2013 Bonds are to bear. Each bidder must bid a single rate for each maturity of the Series 2013 Bonds. No interest rate may exceed four percent (4.00%). Bids must be for not less than 100% of the par value of the aggregate principal amount of the Series 2013 Bonds.

Good Faith Deposit

A good faith deposit (the "Deposit") in the amount of \$800,000 (the "Deposit") is required in connection with the sale and bid for the Series 2013 Bonds. The Deposit shall be provided for by a Federal funds wire transfer to be submitted to the Authority by the successful bidder not later than 4:00 p.m., local Baltimore, Maryland time, on the date of the sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers." The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Authority to be applied in partial payment for the Series 2013 Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

Wire Transfers

The Authority will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2013 Bonds to the successful bidder may be cancelled by the Authority in its discretion without any financial liability of the Authority to the successful bidder or any limitation whatsoever on the Authority's right to sell the Series 2013 Bonds to a different purchaser upon such terms and conditions as the Authority shall deem appropriate. If the winning bidder fails to make the Deposit by the Wire Transfer Deadline, that bidder is nonetheless obligated to pay to the Authority the sum of \$800,000 as liquidated damages due to the failure of the winning bidder to timely deposit the Bid Award Deposit.

Bond Insurance

The Authority has not contracted for the issuance of any policy of municipal bond insurance for the Series 2013 Bonds. If the Series 2013 Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Series 2013 Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2013 Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2013 Bonds. The Authority shall not incur any obligation or liability to the bidder's bond insurer, nor shall the Authority be obligated to make any changes to the security for or terms of the Series 2013 Bonds or the Indenture as a result of the provision of bond insurance.

Award of the Series 2013 Bonds

The Executive Director of the Authority will not accept and will reject any bid for less than all of the above described Series 2013 Bonds. The Authority reserves the right to reject any and all bids and to waive any irregularities in any of the bids. The judgment of the Authority shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity with the terms of this Notice of Sale.

The award of the Series 2013 Bonds, if made, will be made as promptly as possible after the bids are opened to the bidder offering the lowest interest rate to the Authority for the Series 2013 Bonds. The lowest interest rate shall be determined in accordance with the true interest cost (TIC) method by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Series 2013 Bonds and to the price bid. In the event two or more bidders offer to purchase the Series 2013 Bonds at the same lowest true interest cost to the Authority, the Series 2013 Bonds may be apportioned between such bidders, but if this shall not be acceptable, the Authority shall have the right to award all of such Series 2013 Bonds to one bidder. Upon notice of such award, the winning bidder shall advise the Authority of the Initial Reoffering Prices to the public of each maturity of the Series 2013 Bonds.

Change of Bid Date and Closing Date

The Authority reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Resources Advisory Group at (212) 566-7800 by 12 Noon, Baltimore time, on the day prior to the announced date for receipt of bids. In addition, the Authority reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3.

A postponement of the bid date will be announced via TM3 not later than 9:45 a.m., Baltimore time, on the announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by 12:00 Noon, Baltimore time, two business days prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the Authority will accept electronic bids for the purchase of the Series 2013 Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE SERIES 2013 BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION

DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE SERIES 2013 BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The successful bidder shall within 30 minutes after being notified of the award of the Series 2013 Bonds, advise the Authority in writing (via facsimile transmission) of the Initial Reoffering Prices for the Series 2013 Bonds. The successful bidder must, by facsimile transmission or delivery received by the Authority within 24 hours after notification of the award, furnish the following information to the Authority to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Series 2013 Bonds are sold at the prices or yields at which the successful bidder advised the Authority that the Series 2013 Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the Authority determines is necessary to complete the Official Statement in final form.

After the award of the Series 2013 Bonds, the Authority will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Series 2013 Bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the Authority in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE SERIES 2013 BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE AUTHORITY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE SERIES 2013 BONDS OF EACH MATURITY AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH MATURITY TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE SERIES 2013 BONDS OF EACH MATURITY WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE SERIES 2013 BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Series 2013 Bonds of each maturity at the initial reoffering prices would be sufficient to certify as to the sale of a substantial amount of the Series 2013 Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Series 2013 Bonds.

Official Statement

Not later than seven (7) business days after the award of the Series 2013 Bonds to the successful bidder on the day of sale, the Authority will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the successful bidder at or before the close of business on the date of the sale, the Authority will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Series 2013 Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by the successful bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Series 2013 Bonds resulting from the bid of the successful bidder and the other statements with regard to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the Authority and its officials for the Reoffering Information, and for all decisions made by the successful bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Series 2013 Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder for the Series 2013 Bonds will also be furnished, without cost, a reasonable number of copies of the Official Statement for the Series 2013 Bonds (and any amendment or supplement thereto).

Delivery of the Series 2013 Bonds

It is anticipated that delivery will be on or about February 28, 2013 upon due notice and at the expense of the successful bidder, at the offices of DTC, upon payment of the amount of the successful bid (including any premium), less the amount of the Deposit theretofore made. Such payment shall be made in Federal Reserve Bank Funds ("Fed Funds"). The Series 2013 Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Series 2013 Bonds. It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2013 Bonds that, simultaneously

with or before delivery and payment for the Series 2013 Bonds, the respective bidder shall be furnished a certificate of the Executive Director of the Authority to the effect that, to the best of his knowledge and belief, the Official Statement (and any amendment or supplement thereto except for the Reoffering Information and information regarding DTC and DTC's book-entry system, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Series 2013 Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact, required to be stated or necessary to be stated in order to make such statements, in light of the circumstances under which they were made, not misleading.

Legal Opinion

The issuance of the Series 2013 Bonds will be subject to legal approval by Hogan Lovells US LLP, Baltimore, Maryland, and copies of such firm's opinion will be delivered upon request, without charge, to the successful bidder for the Series 2013 Bonds. Such opinion shall be substantially in the form included in Appendix F to the Preliminary Official Statement referred to below.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2013 Bonds, but neither the failure to print any such number on any Series 2013 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Series 2013 Bonds in accordance with the terms of this Notice of Sale. All expenses in relation to the printing of the CUSIP identification numbers on the Series 2013 Bonds shall be paid by the Authority. However, the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid by the successful bidder.

Continuing Disclosure

In order to assist the successful bidder with its obligation under the SEC Rule 15c2-12(b)(5), the Authority and the County have covenanted to provide certain ongoing disclosure with respect to the Series 2013 Bonds. The Authority's and the County's continuing disclosure covenants are more fully described in the Preliminary Official Statement.

Additional Information

The Preliminary Official Statement of Northeast Maryland Waste Disposal Authority, in respect to the Series 2013 Bonds may be accessed via the internet at www.i-dealprospectus.com. Copies of the Indenture and documentation related to the Series 2013 Bonds are also available upon request made to the Director of Finance and Administration of the Authority, 100 S. Charles Street, Tower II - Suite 402, Baltimore, Maryland 21201 (phone 410-333-2730, fax 410-333-2721) or to Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006 (phone 212-566-7800, fax 212-566-7816). Such Preliminary Official Statement is deemed final by the Authority as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

Northeast Maryland Waste Disposal Authority

By: /s/ Christopher W. Skaggs

Title: Executive Director

Dated: February 5, 2013

APPENDIX H

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT OF THE AUTHORITY

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of the 28th day of February, 2013, by the Northeast Maryland Waste Disposal Authority (the "Authority") in connection with the issuance by the Authority of \$77,685,000 aggregate principal amount of its Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series of 2013 (AMT) (the "Bonds") relating to the operation of a mass-burn, resource recovery facility located in Montgomery County, Maryland (the "Facility"). The Bonds are being issued pursuant to an Indenture of Trust dated as of March 1, 1993, between the Authority and The Bank of New York Mellon, as Trustee (the "Trustee") as amended (the "Trust Indenture"), including a Second Supplemental Indenture of Trust dated as of February 28, 2013. The proceeds of the Bonds are being used for the purpose of providing the funds to currently refund certain maturities of the Authority's Solid Waste Revenue Bonds (Montgomery County Resource Recovery Project) Series 2003.

The Authority represents, covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority as of the date set forth below for the benefit of the Holders (as defined below) and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below). The Authority's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

Section 2. Definitions. In addition to capitalized terms used herein and defined in the Trust Indenture, the following capitalized terms used herein shall have the following meanings:

"Annual Bond Disclosure Report" means any Annual Bond Disclosure Report provided by the Authority as described in Section 3 of this Disclosure Agreement.

"Annual Audited Financial Information" means the annual financial statements of the Authority, as prepared in accordance with generally accepted accounting principles in effect from time to time consistently applied and which are audited by an independent certified public accountant or firm of such accountants.

"County" means Montgomery County, Maryland.

"Dissemination Agent" means an agent designated as such in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

"Events" has the meaning set forth in Section 3 to this Disclosure Agreement.

"Fiscal Year" means the twelve-month period, at the end of which the financial position of the Authority and results of its operations for such period are determined.

"Holder" means, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

"Make Public" or "Made Public" has the meaning set forth in Section 4 of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"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 or replaced from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

Section 3. Obligations of the Authority.

(a) Until the earlier to occur of (i) the legal defeasance or payment in full of the Bonds, or (ii) the exercise by the County of the Authority Conduit Option (as defined in that certain Amended and Restated Waste Disposal Agreement dated as of April 3, 2003, between the Authority and the County), the Authority shall, in accordance with this Disclosure Agreement, Make Public or cause to be Made Public by the Dissemination Agent:

(i) not later than 270 days after the end of each Fiscal Year beginning with the Fiscal Year ending June 30, 2013, Annual Audited Financial Information and an Annual Bond Disclosure Report (A) containing current information to update the information contained in Appendix D, Financial Information Concerning the Authority, (B) setting forth any material changes to any of the Project Agreements (as defined in the Final Official Statement), and (C) updating the information contained in the Final Official Statement under the following headings: "The Authority" and "Operation of Authority Facilities" (excluding the subheading "The Company and the Guarantor").

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the Event, notice of any of the following events (the "Events") that may from time to time occur with respect to the Bonds:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions or events affecting the tax-exempt status of interest on the Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- (G) modifications to rights of Holders, if material;
- (H) bond calls, if material;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) tender offers;
- (M) bankruptcy, insolvency, receivership or similar event with respect to the Authority;
- (N) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Authority or entry into or termination of a definitive agreement relating to the foregoing, if material; and
- (O) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Authority shall Make Public or cause to be Made Public notice of the failure of the

Authority on or before the date required by this Disclosure Agreement to provide the Annual Bond Disclosure Report and the Annual Audited Financial Information to the persons and in the manner required by this Disclosure Agreement.

(c) The Authority shall Make Public or cause to be Made Public any change in its Fiscal Year not later than the date on which it Makes Public any information in the then current Fiscal Year.

(d) Any information required to be included in the Annual Bond Disclosure Report or Annual Audited Financial Information may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

Section 4. Information Made Public. Information shall be deemed to have been "Made Public" for purposes of this Disclosure Agreement if transmitted to the MSRB in an electronic format as prescribed by the MSRB.

Section 5. Filing with EMMA. Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. CUSIP Numbers. The Authority shall reference, or cause the Dissemination Agent to reference, the CUSIP prefix number for the Bonds in any notice Made Public pursuant to Sections 3 and 4.

Section 7. Termination of Reporting Obligation. The obligations of the Authority under this Disclosure Agreement shall terminate upon the earlier to occur of (i) the legal defeasance or payment in full of the Bonds, or (ii) the exercise by the County of the Authority Conduit Option.

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment. The undertaking of the Authority set forth in this Agreement may be amended by such, but only if the following provisions apply:

(a) 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 obligated person with respect to the Bonds or type of business conducted;

(b) The undertaking, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interest of the Holders, as determined either by parties unaffiliated with the Authority (which may include Bond Counsel), as evidenced by a certificate or opinion thereof, or by approving vote of the Holders of at least 25% of the outstanding principal amount of the Bonds.

If an amendment has been made, then the Annual Bond Disclosure Report filed directly after such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority 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 Annual Bond Disclosure Report or notice of occurrence of an Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to provide any additional information in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice Made Public hereunder.

Section 11. Default. Any Holder, whether acting jointly or severally, may seek mandate or specific performance by court order to secure compliance with the obligations of the Authority under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event or default under the Bonds or the Trust Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply herewith shall be an action to compel performance.

Section 12. Relationship to Bonds. This Disclosure Agreement constitutes an undertaking by the Authority that is independent of the Authority's obligations with respect to the Bonds.

Section 13. Limitation on Remedies and Forum.

(a) The Authority shall be given written notice at the address set forth below of any claimed failure by the Authority to perform its obligations under this Disclosure Agreement, and the Authority 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 Authority shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Authority shall be given to the Executive Director, or at such alternate address as shall be specified by the Authority in disclosures made pursuant to Section 3 hereof or a notice of occurrence of an Event.

(b) Any suit or proceeding seeking redress with regard to any claimed failure by the Authority to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Montgomery County, Maryland.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

Section 17. Entire Agreement. This Disclosure Agreement contains the entire agreement of the Authority with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

Section 18. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

Section 19. Governing Law. This Disclosure Agreement and any claim made with respect to the performance by the Authority of its obligations hereunder shall be governed by, subject to and construed in accordance with the federal securities laws, where applicable, and the laws of the State of Maryland, without reference to the choice of law principles thereof.

NORTHEAST MARYLAND WASTE DISPOSAL
AUTHORITY

By: _____

Name _____

Title _____

CONTINUING DISCLOSURE AGREEMENT OF THE COUNTY

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered as of the 28th day of February, 2013, by Montgomery County, Maryland (the “County”) in connection with the issuance by Northeast Maryland Waste Disposal Authority (the “Authority”) of its \$77,685,000 aggregate principal amount of its Solid Waste Refunding Revenue Bonds (Montgomery County Solid Waste Disposal System) Series of 2013 (AMT) (the “Bonds”) relating to the operation of a mass-burn, resource recovery facility located in the County (the “Facility”). The Bonds are being issued pursuant to an Indenture of Trust dated as of March 1, 1993, between the Authority and The Bank of New York Mellon, as Trustee (the “Trustee”) as amended (the “Trust Indenture”), including a Second Supplemental Indenture of Trust dated as of February 28, 2013. The proceeds of the Bonds are being used for the purpose of providing the funds to currently refund certain maturities of the Authority’s Solid Waste Revenue Bonds (Montgomery County Resource Recovery Project) Series 2003.

The County represents, covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County as of the date set forth below for the benefit of the Holders (as defined below) and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below). The County’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule, subject to the provisions of this Disclosure Agreement.

Section 2. Definitions. In addition to capitalized terms used herein and defined in the Trust Indenture, the following capitalized terms used herein shall have the following meanings:

“Annual Bond Disclosure Report” means any Annual Bond Disclosure Report provided by the County as described in Section 3 of this Disclosure Agreement.

“Annual Audited Financial Information” means the annual financial statements of the County, as prepared in accordance with generally accepted accounting principles in effect from time to time consistently applied and which are audited by an independent certified public accountant or firm of such accountants.

“County” means Montgomery County, Maryland.

“Dissemination Agent” means an agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation.

“EMMA” shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

“Events” has the meaning set forth in Section 3 to this Disclosure Agreement.

“Fiscal Year” means the twelve-month period, at the end of which the financial position of the County and results of its operations for such period are determined.

“Holder” means, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

“Make Public” or “Made Public” has the meaning set forth in Section 4 of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“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 or replaced from time to time.

“SEC” means the U.S. Securities and Exchange Commission.

“Waste Disposal Agreement” means the Amended and Restated Waste Disposal Agreement dated as of April 3, 2003 between the Authority and the County.

Section 3. Obligations of the County.

(a) Until the earlier to occur of (i) the legal defeasance or payment in full of the Bonds, or (ii) the exercise by the County of the Authority Conduit Option, the County shall, in accordance with this Disclosure Agreement, Make Public or cause to be Made Public:

(i) not later than 270 days after the end of each Fiscal Year beginning with the Fiscal Year ending June 30, 2013, Annual Audited Financial Information and an Annual Bond Disclosure Report (A) containing current information to update the information contained in Appendix B, Financial Information Concerning the County and (B) updating the information contained in Tables 3 and 6 of the Final Official Statement.

(ii) in addition to the information required pursuant to subsection (i) above, in the event that the County exercises the Authority Conduit Option (as defined in the Waste Disposal Agreement), not later than 270 days after the end of each Fiscal Year beginning with the Fiscal Year in which the exercise of the Authority Conduit Option occurs, an Annual Bond Disclosure Report (A) setting forth any material changes to any of the Project Agreements (as defined in the Final Official Statement), and (B) updating the information contained in the Final Official Statement under the following heading: “Operation of Authority Facilities” (excluding the subheading “The Company and the Guarantor” and Table 11).

(iii) in the event that the County exercises the Authority Conduit Option, in a timely manner not in excess of ten (10) business days after the occurrence of the Event, notice of any of the following events (the “Events”) that may from time to time occur with respect to the Bonds:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions or events affecting the tax-exempt status of interest on the Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- (G) modifications to rights of Holders, if material;
- (H) bond calls, if material;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) tender offers;
- (M) bankruptcy, insolvency, receivership or similar event with respect to the County;
- (N) the consummation of a merger, consolidation, or acquisition, or

certain asset sales, involving the County or entry into or termination of a definitive agreement relating to the foregoing, if material; and

(O) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The County shall Make Public or cause to be Made Public notice of the failure of the County on or before the date required by this Disclosure Agreement to provide the Annual Audited Financial Information to the persons and in the manner required by this Disclosure Agreement.

(c) The County shall Make Public or cause to be Made Public any change in its Fiscal Year not later than the date on which it Makes Public any information in the then current Fiscal Year.

(d) Any information required to be included in the Annual Bond Disclosure Report or Annual Audited Financial Information may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; *provided*, however, that any final official statement incorporated by reference must be available from the MSRB.

Section 4. Information Made Public. Information shall be deemed to have been “Made Public” for purposes of this Disclosure Agreement if transmitted to the MSRB in an electronic format as prescribed by the MSRB.

Section 5. Filing with EMMA. Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. CUSIP Numbers. The County shall reference, or cause the Dissemination Agent to reference, the CUSIP prefix number for the Bonds in any notice Made Public pursuant to Sections 3 and 4.

Section 7. Termination of Reporting Obligation. The obligations of the County under this Disclosure Agreement shall terminate upon the earlier to occur of (i) the legal defeasance or (ii) payment in full of the Bonds.

Section 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment. The undertaking of the County set forth in this Agreement may be amended by such, but only if the following provisions apply:

(a) 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 obligated person with respect to the Bonds or type of business conducted;

(b) The undertaking, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interest of the Holders, as determined either by parties unaffiliated with the County (which may include Bond Counsel), as evidenced by a certificate or opinion thereof, or by approving vote of the Holders of at least 25% of the outstanding principal amount of the Bonds.

If an amendment has been made, then the Annual Bond Disclosure Report filed directly after such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County 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 Annual Bond Disclosure Report or notice of occurrence of an Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to provide any additional 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 Annual Bond Disclosure Report or notice Made Public hereunder.

Section 11. Default. Any Holder, whether acting jointly or severally, may seek mandate or specific performance by order of the Circuit Court of Montgomery County, Maryland to secure compliance with the obligations of the County under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event or default under the Bonds or the Trust Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance.

Section 12. Relationship to Bonds. This Disclosure Agreement constitutes an undertaking by the County that is independent of the Authority's obligations with respect to the Bonds.

Section 13. Limitation on Remedies and Forum.

(a) 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 this 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 Director of Finance, or at such alternate address as shall be specified by the County in disclosures made pursuant to this Disclosure Agreement.

(b) Any suit or 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 Montgomery County, Maryland.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Authority Conduit Option. Notwithstanding any provision in this Disclosure Agreement to the contrary, the County shall have no obligation to provide any disclosure with respect to the items set forth in Section 3(a)(ii) and Section 3(a)(iii) hereof until the County exercises the Authority Conduit Option.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

Section 18. Entire Agreement. This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; *provided*, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in *pari materia* with the Rule.

Section 19. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

Section 20. Governing Law. 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 in accordance with the federal securities laws, where applicable, and the laws of the State of Maryland, without reference to the choice of law principles thereof.

MONTGOMERY COUNTY, MARYLAND

By: _____