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**FIRST AMENDED AND RESTATED
EASTERN SHORE OF MARYLAND
EDUCATIONAL CONSORTIUM
ENERGY TRUST
TRUST AGREEMENT**

Dated as of October 30, 2003

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FIRST AMENDED AND RESTATED

**EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM
ENERGY TRUST**

TRUST AGREEMENT

This First Amended and Restated Trust Agreement (the "Agreement" or "Trust Agreement"), dated as of _____, 2003, is made by and among the Founding Boards of Education (as hereinafter defined) who have established the Energy Trust (as hereinafter defined) and which are now or hereafter parties signatory to this Agreement and listed in Appendix A, and those Trustees (as hereinafter defined) listed in Appendix B hereto, as may be amended from time to time.

WITNESSETH:

All capitalized terms in these Recitals shall have the meanings set forth in Section 1.01 of this Agreement.

WHEREAS, Section 4-123 of the Education Article of the Annotated Code of Maryland, (1999 Replacement Volume, as replaced, supplemented and amended) (the "Education Article") authorizes Boards of Education (as hereinafter defined) to cooperate, by agreement, in the joint administration of various programs, including the purchasing of goods and services; and

WHEREAS, pursuant to the Education Article, the Founding Boards of Education established the Eastern Shore of Maryland Educational Consortium ("ESMEC") as a separate administrative entity for the purpose of facilitating certain cooperative ventures of the Founding Boards of Education; and

WHEREAS, the Electric Customer Choice and Competition Act of 1999 (the "Act") enacted by the Maryland General Assembly opened the electricity market in Maryland, thereby enabling consumers to competitively shop for and choose the company that supplies them with electricity and related services; and

WHEREAS, the Founding Boards of Education wish to take advantage of the deregulated electricity marketplace resulting from the Act by establishing the ESMEC Energy Trust as a Maryland trust for the purposes of considering, promoting, facilitating, coordinating and administering the collective procurement of electricity, fuels and related services for the Founding Boards of Education and Participants (as hereinafter defined); and

WHEREAS, funds will from time to time be paid by the Founding Boards of Education, the Participants, and from other sources to the Trustees for the benefit of the Energy Trust, which funds will constitute a Trust Fund (as hereinafter defined) to be held for the exclusive benefit of the Founding Boards of Education and the Participants, and from which funds the Trustees will make payment of certain expenses on behalf of the Founding Boards of Education and the Participants; and

WHEREAS, the Founding Boards of Education desire the Trustees to collect, receive, hold, invest, reinvest, manage, dispose of, distribute and otherwise administer the Trust Fund, and the Trustees have indicated their willingness to do so, all pursuant to the terms of this Agreement; and

WHEREAS, the Founding Boards of Education and the Trustees desire to establish the terms and conditions under which the Energy Trust will be managed and operated; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged by each party, one to the other, the Founding Boards of Education do hereby give and assign in trust the funds paid from time to time by the Participants and from other sources to the Trustees for the purposes set forth in this Agreement and all income and profits therefrom, and such other sums, income and profits as hereinbefore or hereinafter have been or are made part of the Trust Fund, to the Trustees, and the Trustees hereby accept the trusts herein contained and declare that they will administer, manage, collect, receive, dispose of and distribute such trust property for the benefit of the Founding Boards of Education and Participants as hereinafter provided, all parties agreeing to abide by the terms and covenants contained in this Agreement, as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions. The terms defined in this Section 1.01 and in the preambles hereto (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement and of any amendment or supplement hereto shall have the respective meanings specified in this Section 1.01 and said Preambles.

(a) "Act" means the Electric Customer Choice and Competition Act of 1999 (Title 7, Subtitle 5 of the Public Utility Companies Article of the Annotated Code of Maryland), including any successor statute and any regulations promulgated pursuant thereto.

(b) "Agreement" or "Trust Agreement" means the Trust Agreement of the Eastern Shore of Maryland Educational Consortium Energy Trust, as set forth herein and as amended from time to time.

(c) "Annual Meeting" means that meeting held by the Board of Trustees each Trust Year in the month designated in the Bylaws.

(d) "Application" means that application for participation in the Energy Trust as devised and approved by the Trustees and executed by each Participant.

(e) "Board" or "Board of Trustees" means the board of Trustees established pursuant to Article II hereof.

(f) "Board of Education" means a board of education of a county of the State and the Board of School Commissioners of Baltimore City.

(g) "Bylaws" means the bylaws adopted by the Trustees pursuant to Section 3.03 hereof to implement this Agreement, as amended from time to time.

(h) "Cancellation" or "Cancelled" means the expulsion of a Participant from the Energy Trust by action of the Trustees as provided in Section 6.04 (b) hereof.

(i) "Contribution" means those sums that may be assessed by the Trustees for (i) application to and participation in the Energy Trust, (ii) the operation of the Energy Trust, and (iii) any assessment necessitated by a budget shortfall or deficit.

(j) "Coordinator" means that person appointed by the governing body and/or appropriate official of a Participant, as provided in Section 6.03(e) hereof, who is duly authorized to act on behalf of the Participant.

(k) "Energy Trust" means the Eastern Shore of Maryland Educational Consortium Energy Trust, a Maryland trust formed for the purposes of promoting, facilitating, coordinating and administering the collective procurement of electricity, fuels and related services on behalf of the Founding Boards of Education and Participants.

(l) "ESMEC" means the Eastern Shore of Maryland Educational Consortium, an amalgamation of the Boards of Education of Caroline County, Cecil County, Dorchester County, Kent County, Queen Anne's County, Somerset County, Talbot County, Wicomico County and Worcester County established pursuant to the Education Article.

(m) "Financial Institution" means one or more financial institutions designated by the Trustees to hold the Trust Fund and to invest and reinvest all or part of the principal and interest of the Trust Fund and the various accounts of the Trust Fund.

(n) "Fiscal Agent" means an entity appointed by the Trustees to administer and handle the financial transactions of the Energy Trust including, but not limited to, billing, collection and deposit of Contributions and other moneys of the Energy Trust into the Trust Fund and making disbursements from the Trust Fund as approved by the Trustees.

(o) "Founding Board of Education" means a Board of Education which is a signatory to this Agreement and which may or may not be a Participant. Founding Boards of Education are listed in Appendix A of this Agreement.

(p) "Investment Account" means any interest bearing account established pursuant to Section 5.01 of this Agreement.

(q) "Local Government" means

(1) a municipal corporation subject to the provisions of Article 23A of the Annotated Code of Maryland; or

(2) a county, subject to the provisions of Articles 25, 25A or 25B of the Annotated Code of Maryland.

(r) "Manager" means that person appointed or employed by the Trustees to be responsible for the day-to-day management of the Energy Trust.

(s) "Participant" means any party to this Agreement that (i) meets the eligibility requirements of Section 6.01, (ii) is approved by the Trustees pursuant to Section 6.02, and (iii) has not Terminated or been Cancelled pursuant to Section 6.04 of this Agreement. Participants are listed in Appendix C of this Agreement.

(t) "Participant Trustee" means each person serving as a trustee pursuant to Section 4.01(a)(3) hereof from time to time, collectively the "Participant Trustees".

(u) "Operating Account" means the account established pursuant to Section 5.01(d) of this Agreement.

(v) "Permitted Investments" means any investment permitted to a Board of Education under Section 22, Article 95, Annotated Code of Maryland, as amended.

(w) "Public Entity" means (i) the State or any political subdivision or unit, agency or instrumentality of the State; (ii) any Local Government or any unit, agency or instrumentality of a Local Government; or (iii) any nonprofit or non-stock corporation that is exempt from taxation under Section 501(c)(3) or (4) of the Internal Revenue Code and receives 50 percent or more of its annual operating budget from a Public Entity described in (i) or (ii) above.

(x) "State" means the State of Maryland.

(y) "Termination" or "Terminate" means the voluntary withdrawal of a Participant from the Energy Trust in accordance with Section 6.04 hereof.

(z) "Trust Fund" means the assets held hereunder by the Trustees from time to time, including but not limited to any Contributions made by Participants pursuant to this Agreement, all property and property rights of any kind whatsoever acquired in connection with the investment thereof and any and all income therefrom and increments and/or other assets as from time to time are received by the Trustees hereunder, all of the foregoing constituting a trust corpus.

(aa) "Trust Year" means the fiscal year of the Energy Trust beginning on July 1 of each year the Energy Trust is in operation and ending on June 30 of the following year.

(bb) "Trustee" means each person serving as a trustee pursuant to Section 4.01 hereof from time to time, collectively the "Trustees" and, unless otherwise specified, includes "Participant Trustee".

1.02 Interpretation. The words "hereof", "herein", "hereunder," and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Headings or titles to Articles, Sections, and other subdivisions of this Agreement are for convenience only and shall be given no effect, meaning or construction whatsoever and shall not define or limit any provision of this Agreement.

ARTICLE II

PURPOSE OF THE ENERGY TRUST; ESTABLISHMENT OF BOARD OF TRUSTEES; POWERS OF TRUSTEES

2.01 Purpose of Energy Trust. The purpose and objective of the Energy Trust is to consider, promote, facilitate, coordinate and administer the collective procurement of electricity, fuels and related services for the Participants and to do all necessary and proper things incident to such a joint venture in such manner as to be in the best interest of the Participants.

The Trust Fund shall be maintained and administered for the exclusive benefit of the Founding Boards of Education and the Participants. No part of the net earnings of the Energy Trust shall inure to any private shareholder or individual.

2.02 Creation of Trust. The association being formed hereunder is not intended to be a partnership or corporation, but it is the intent of the parties hereto that this Agreement create a trust under the laws of the State.

2.03 Establishment of Board of Trustees. A Board of Trustees shall administer the Energy Trust.

2.04 Powers of Trustees. The Board of Trustees shall have the power to control and manage the Energy Trust and to perform such acts, enter into such contracts, engage in such proceedings, and generally to exercise any and all rights and privileges, although not specifically mentioned herein, as the Board may deem necessary or advisable to administer the Energy Trust or to carry out the purposes of this Agreement. Any determination made by the Board in the exercise of these powers shall be binding upon all Participants. In addition to the powers set forth elsewhere in this Agreement, the powers of the Board, in connection with their managing and controlling the Energy Trust shall include, but shall not be limited to, the following:

(a) To invest and reinvest all or part of the principal and income of the Trust Fund, without distinction between principal and income as the Board of Trustees determines, pursuant to applicable State law.

(b) To receive, hold, manage, invest, reinvest, and control all assets at any time forming part of the corpus of the Trust Fund.

(c) To purchase contracts of insurance and to pay premiums on such policies.

(d) To hold cash uninvested, in an account at a Financial Institution, for such length of time as the Trustees may determine without liability for interest thereon.

(e) To make, execute, acknowledge and deliver any and all documents, including but not limited to, contracts, waivers and releases, and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(f) To employ suitable agents, advisors and counsel as the Board of Trustees may deem necessary and advisable for the efficient operation and administration of the Energy Trust, to delegate duties and powers hereunder to such agents, advisors and counsel, and to charge the expense thereof to the Energy Trust. Trustees are entitled to rely upon and may act upon the opinion or advice of any attorney or agent approved by the Board of Trustees in the exercise of reasonable care. Trustees shall not be responsible for any loss or damage resulting from any action or non-action made in good faith reliance upon such opinion or advice. All delegated authority shall be specifically defined in the Bylaws or the written minutes of the Board's meetings.

(g) To continue to have and to exercise, after the termination of the Energy Trust and until final distribution, all of the title, powers, discretions, rights and duties conferred or imposed upon the Trustees hereunder, or by law.

(h) To construe and interpret this Agreement.

(i) To receive from Participants, committees and other relevant sources, such information as shall be necessary for the proper administration of the Energy Trust.

(j) To select a Fiscal Agent to maintain bank accounts for the administration of the Energy Trust and to authorize certain Trustees, or other appropriate persons to approve payments from any such account for purposes of the Energy Trust.

(k) To receive and review reports of the financial condition and of the receipts and disbursements of the Energy Trust.

(l) To adopt Bylaws, rules, regulations, formulas, forms, policies and procedures from time to time as they deem advisable and appropriate for the proper

administration of the Energy Trust, including Participant criteria and Contributions, provided the same are consistent with the terms of this Agreement.

(m) To have a judicial settlement of their accounts and judicial determination of any questions in connection with their duties and obligations hereunder, or in connection with the administration or distribution thereof. The costs and expenses, including accounting and legal fees, for such judicial settlement of accounts or other judicial determination shall be paid by the Energy Trust as a general administrative expense to the extent permitted by applicable law.

(n) To purchase as a general administrative expense of the Energy Trust so-called directors' and officers' liability insurance and other insurance for the benefit of the Energy Trust and/or the protection of the Trustees and Energy Trust employees, if any, against any losses by reason of errors or omissions or breach of fiduciary duty or negligence.

(o) To enter into any and all contracts and agreements for carrying out the terms of this Agreement and for the administration and operation the Energy Trust and to do all acts as they, in their discretion, may deem necessary or advisable, and such contracts and agreements and acts shall be binding and conclusive on Participants. All such contracts and agreements, or other legal documents herein authorized, shall be approved by the Board of Trustees and shall be executed by individuals authorized by the Board.

(p) To write off as uncollectible any indebtedness or other obligation as the Trustees may deem appropriate. A decision to write off as uncollectible shall be deemed appropriate if the Board of Trustees determine that the likelihood of collection or the anticipated expense of collecting justifies such action.

(q) To establish and receive Contributions or payments from any source whatsoever, but such Contribution or payments may not be utilized for any purpose unrelated to the operation of the Energy Trust.

(r) To pay or contest any claim or to settle a claim by or against the Energy Trust by negotiation, compromise, litigation, arbitration, or otherwise.

(s) To pay taxes, assessments, and other expenses incurred in the collection, care, administration, and protection of the Energy Trust.

(t) To review Applications for participation in the Energy Trust submitted to them and to approve or disapprove such Applications.

(u) To cancel the participation of any Participant in accordance with the terms of this Agreement.

(v) To do all acts, whether or not expressly authorized herein, which the Board of Trustees may deem necessary or proper in connection with the Energy Trust, although the power to do such acts is not specifically set forth herein.

ARTICLE III

ACCEPTANCE OF TRUST; DUTIES, OBLIGATIONS AND LIABILITIES OF TRUSTEES

3.01 Acceptance. The Trustees hereby accept the trusts imposed upon them by this Agreement and agree to perform said trusts in accordance with the terms and conditions of this Agreement. Trustees shall hold legal title to the Trust Fund and shall have absolute and exclusive power and control over the management and conduct of the business of the Energy Trust.

3.02 Future Trustees. Whenever any change shall occur in the membership of the Board of Trustees, the legal title to property hereby created by this Trust shall automatically pass to those duly appointed Trustees. Each future Trustee appointed in accordance with this Agreement shall accept the office of Trustee and the terms and conditions of this Agreement in writing. Legal title to the property created by this Trust shall pass to those duly appointed Trustees.

3.03 Trustees' Duties and Obligations. The Trustees shall discharge their duties and obligations under this Agreement solely in the interests of the Founding Boards of Education and Participants, and defraying reasonable expenses of operating the Energy Trust, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like purpose.

In connection with their management and control of the Energy Trust, the Board of Trustees shall have the following duties:

(a) Manage the Energy Trust in compliance with the Agreement and the Bylaws.

(b) Determine methods for the assessment of a Contribution from Participants in the event that any obligations exceed the money available in the Trust Fund. Such amounts shall be certified as necessary for that purpose to the Participants.

(c) Hold all property received by the Trustees hereunder, which together with the income and gains therefrom and additions thereto, shall constitute the corpus of the Trust Fund. The Board of Trustees shall manage, invest and reinvest the corpus of the Trust Fund, collect the income thereof and make payments therefrom or delegate such duties all as provided herein.

(d) Set requirements for the admission of Participants to the Energy Trust, which shall include such preconditions and limitations as the Trustees shall deem appropriate to promote the efficient and proper operation of the Energy Trust.

(e) Endeavor to see that the Trust Fund is safely and prudently administered to insure its financial stability and to secure the best return on the Energy Trust's investments, which may be safely obtained for the benefit of the Energy Trust.

(f) Employ a certified public accountant to conduct an annual audit of the financial statements of the Energy Trust at the close of the Trust Year.

(g) Employ one or more qualified energy consultants to advise the Trustees on energy procurement related matters and services including, without limitation, procurement and/or negotiation of energy supply resources, rights and services, deregulation of the electricity industry, aggregation, industry trends and market conditions, energy demand and usage analyses, and negotiations with energy suppliers.

(h) Employ attorneys to provide general legal counsel to the Board of Trustees.

(i) Contract with a Financial Institution and delegate to it the duties to hold the corpus of the Trust Fund and such other accounts as may be established in accordance with the requirements of the Agreement.

(j) Prescribe the Contribution to be paid by each Participant for the purpose of funding the operation of the Energy Trust.

(k) Adopt Bylaws for the management and control of the Energy Trust, so long as such Bylaws are not inconsistent or in conflict with the terms and provisions of this Agreement. The Trustees may amend the Bylaws, as they shall provide.

(l) Review Applications for participation in the Energy Trust submitted to them and to approve or disapprove such Applications.

(m) Appoint a Fiscal Agent to handle financial transactions of the Energy Trust.

(n) Perform any other function incident to their office and required or permitted by the laws of the State.

3.04 Liability of Trustees.

(a) The Trustees shall not be liable for errors of judgment either in holding property originally conveyed to them or in acquiring and afterwards holding additional property, in the performance of their duties hereunder, nor for any act or omission to act, performed or omitted by them, in the execution of the trusts created hereunder.

(b) Every act done, power exercised or obligation assumed by the Trustees, pursuant to the provisions of this Agreement, or in carrying out the trusts herein contained, shall be held to be done, exercised or assumed by them as Trustees and not as individuals, and every

person or corporation contracting with the Trustees, shall look only to the Energy Trust and property of the Energy Trust for payment under such contract, or for the payment of any debt, mortgage, judgment or decree or the payment of any money that may otherwise become due or payable on account of the trusts herein provided for, and any other obligation arising out of this Agreement in whole or in part, and neither the Trustees or the Participants, present or future, shall be personally liable therefor.

(c) Notwithstanding the provisions of (a) and (b) above, a Trustee shall be liable in connection with the performance of his duties hereunder for his own willful misconduct or gross negligence.

ARTICLE IV

OPERATION OF THE TRUSTEES

4.01 Composition of Board of Trustees.

(a) The Energy Trust shall be administered by a Board of Trustees consisting of up to thirteen (13) voting members as follows:

(1) Each Founding Board of Education will appoint one (1) individual to serve as a Trustee.

(2) The Director of ESMEC will serve as a Trustee.

(3) The Board of Trustees may appoint up to three (3) individuals from among Energy Trust Participants to serve as Trustees, provided that no more than one (1) such Trustee represents:

(i) county government Participants;

(ii) municipal government Participants; or

(iii) higher-education Participants.

(b) Each Founding Board of Education will appoint an alternate Trustee to serve in the temporary absence of the Trustee appointed under Paragraph (a)(1). The participating entity of each Participant Trustee will appoint an alternate Trustee to serve in the temporary absence of the Participant Trustee appointed under Paragraph (a)(3). Alternate Participant Trustees are subject to confirmation by the Board of Trustees.

(c) Each Founding Board of Education shall submit to the Energy Trust a Trustee and Alternate Trustee Appointment Certificate in substantially the form set forth in Appendix F. In connection with Participant Trustee appointments, the Board of Trustees shall complete and file a Trustee and Alternate Trustee Appointment Certificate in substantially the form set forth in Appendix F.

4.02 Term of Office.

(a) The term of office of each Trustee and Participant Trustee shall be that time from the date of appointment through the last day of the current Trust Year. Unless a Founding Board of Education notifies the Board to the contrary, a Trustee shall be automatically reappointed for the following Trust Year. A Founding Board of Education (or the Board of Trustees in the case of a Participant Trustee) may remove its designated Trustee at any time, effective upon receipt of written notice by the Board.

(b) In the event a Trustee resigns, is removed or is otherwise unable to serve, the Founding Board of Education (or the Board of Trustees in the case of a Participant Trustee) shall appoint a substitute Trustee to fulfill his or her term of office.

4.03 Resignation or Removal of a Trustee.

(a) A Trustee may resign by giving at least thirty (30) days prior notice in writing sent by registered mail to the chairman of the Board of Trustees. Such notice shall state the date said resignation shall take effect, and such resignation shall take effect on such date.

(b) Any Trustee, upon leaving office, shall forthwith turn over and deliver to the principal office of the Energy Trust, any and all records, books, documents or other property in his possession or under his control, which belong to the Energy Trust.

4.04 Committees. The Trustees may appoint committees and may delegate such powers and duties as the Trustees deem appropriate and desirable except the exercise of those powers for which a two-thirds (2/3) majority vote of the Trustees is required.

4.05 Compensation. The members of the Board of Trustees and the Alternate Trustees shall serve without compensation, but may be reimbursed for such expenses incurred in the performance of their duties as deemed appropriate by the Board of Trustees from time to time.

4.06 Delegation to Manager. The Board of Trustees may delegate such administrative and ministerial matters to the Manager, as they shall deem appropriate.

4.07 Office. The Trustees shall designate a principal office of the Energy Trust. Such principal office shall be in the State of Maryland. At such principal office there shall be maintained the books, reports and records pertaining to the Energy Trust and its administration.

4.08 Meeting. There shall be an Annual Meeting of the Trustees on a day and at a place designated by the Trustees. At the Annual Meeting, the Trustees shall elect a Chairman and such other officers as provided in the Bylaws and transact such other business as may come before them. The Trustees shall hold such other meetings and shall establish such procedures for the conduct of those meetings, as they shall provide in the Bylaws.

4.09 Voting. Each Trustee shall have one (1) vote. A majority of the quorum necessary to conduct a meeting, as set forth in the Bylaws, shall be needed to pass any resolution, motion or other measure.

4.10 Extraordinary Votes. An affirmative vote of two-thirds (2/3) of all Trustees entitled to vote shall be required to cancel participation of any Participant or to determine and implement a method, including assessment of Participants, to cure a deficit pursuant to Section 5.02 hereof.

4.11 Conflict of Interest. On any matter before the Board of Trustees or committees of the Trust, all Trustees are obligated to disclose any conflict of interest prior to discussion of any matter so affected. Such Trustees shall abstain from voting if such Trustee or the Board of Trustees deems a conflict of interest exists. Trustees unable to vote may still be counted as present for the purpose of establishing a quorum.

4.12 Indemnification.

(a) The Energy Trust shall indemnify: (i) each member of the Board of Trustees and the estate, executor, administrator, personal representatives, heirs, legatees and devisees of any such person; and (ii) every officer, agent and employee of the Energy Trust and the estate, executor, administrator, personal representatives, heirs, legatees or devisees of such person; against all judgments including interest, fines, amounts paid or agreed upon in settlement, reasonable costs and expenses including attorneys' fees and any other liability that may be incurred as a result of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, prosecuted or threatened to be prosecuted, for or on account of any act performed or omitted or obligation entered into, if done or omitted in good faith without intent to defraud and within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interest of and in connection with the administration, management, conduct or affairs of the Energy Trust, and with respect to any criminal actions or proceedings, in addition, had no reasonable cause to believe that his or its conduct was unlawful. Provided, however, that if any such claim, action, suit, or proceeding is compromised or settled, it must be done with the prior and express approval of the Board of Trustees or such other persons as may be authorized to make determinations with respect to indemnification pursuant to subparagraph (d) of this Section.

(b) Such indemnification shall not depend upon whether or not such person is a member of the Board of Trustees at the time such claim, action, suit or proceeding is begun, prosecuted or threatened.

(c) The right of indemnification hereunder shall not be exclusive of other rights such person may have as a matter of law or otherwise.

(d) In each instance in which a question of indemnification hereunder arises, determination in the first instance of the right to indemnification hereunder, and of the time, manner and amount of payment thereof, shall be made by a majority vote of a quorum of the Board of Trustees provided, however, that no member of the Board of Trustees seeking

indemnification hereunder as a result of the same occurrence shall participate in the determination. In the event that a majority of the members of the Board of Trustees are seeking indemnification hereunder as a result of the same occurrence or the number of Board of Trustees members eligible to vote does not constitute a quorum, such determination in the first instance shall be made by independent legal counsel retained by the Energy Trust for the purpose of making the determination. Nothing in this paragraph is intended to make an adverse determination finally binding upon the person seeking indemnity under this Section, or to preclude any such person from appealing an adverse determination against him or it, or from instituting legal proceedings to enforce a right of indemnification under this Section.

(e) The indemnification provided for in this Section shall be deemed to be an expense of the Energy Trust to which all of the Participants shall contribute.

(f) The indemnification provided by this Section shall be secondary to any benefits to which the person may be entitled to receive from any applicable insurance policy providing Directors and Officers, Errors and Omissions or other applicable insurance coverages, which have been procured by the Energy Trust or for which the Energy Trust paid the required premium. The indemnification provided by this Section shall be primary over any indemnification provided by a Trustee at his or its own expense.

(g) (i) Notwithstanding any other provision of this Section to the contrary, a person may seek, and the Energy Trust may pay, advance indemnification prior to the rendering of a final determination of entitlement to indemnification pursuant to the provisions of subparagraph (d) of this Section. Any award of such advance indemnification by the Energy Trust shall be discretionary and subject to the provisions of this Section.

(ii) In each instance where a question of advance indemnification hereunder arises, determination of the right to indemnification and of any conditions or restrictions attached thereto shall be made by a majority vote of a quorum of the Board of Trustees provided, however, that no member of the Board of Trustees seeking indemnification hereunder as a result of the same occurrence shall participate in the determination. In the event that a majority of the members of the Board of Trustees are seeking indemnification as a result of the same occurrence or the number of members of the Board of Trustees eligible to vote does not constitute a quorum, such determination shall be made by independent legal counsel retained by the Energy Trust for the purpose of making the determination.

(iii) Any determination of advance indemnification shall be discretionary and may provide for the time, manner and amounts advanced hereunder and shall include such limitations as may be deemed appropriate in the particular circumstances on rate of payment, the total amount to be advanced and the security, if required, for repayment of such advances.

(iv) Any advance authorized hereunder shall be repaid to the Energy Trust if the person on whose behalf the advance was made is not entitled to indemnification of his costs and expenses under the provisions and in accordance with the standards for indemnification provided in this Section.

ARTICLE V

OPERATION OF FUNDS; REVENUES

5.01 Establishment of Funds by Trustees.

(a) The Trust Fund shall be held by a Financial Institution and maintained by the Fiscal Agent.

(b) The Trustees may establish such funds and accounts within the Trust Fund as may be necessary for the operation of the Energy Trust, including but not limited to, funds and accounts for the payment of administrative expenses.

(c) Any withdrawals from the Trust Fund shall be made by the Fiscal Agent consistent with the Bylaws and pursuant to the agreement with the Fiscal Agent.

(d) The Fiscal Agent shall establish an Operating Account into which all Contributions and other revenues shall be deposited. Funds in the Operating Account shall be used to pay the operating costs of the Trust, including but not limited to, Trust management, office expenses, consultants and attorneys' fees, premiums, or for transfer to the Investment Account.

5.02 Deficits. In the event of a budgetary shortfall, the Board may adopt any plan it deems equitable for the elimination of such deficit, including but not limited to, the assessment of all Participants in the proportion which the Contributions of each bears to the total Contributions for all Participants in the Trust Year in which such deficit occurs. Each Participant agrees to pay promptly each prescribed Contribution assessment and shall not be relieved of the obligation to do so by reason of the default of any other Participant in making such payments.

5.03 Investment of Moneys. The Trustees, through the Fiscal Agent, shall direct the Financial Institution to invest the Trust Fund in Permitted Investments.

ARTICLE VI

PARTICIPATION

6.01 Eligibility Requirements.

(a) Participation in the Energy Trust shall be limited to (i) Boards of Education; (ii) Local Governments, or (iii) Public Entities.

(b) Each prospective Participant shall execute and submit to the Energy Trust a Participant Consent and Approval and Participant Certificate in substantially the form set forth in Appendix E-1 and E-2.

(c) The Trustees may establish other criteria for participation in the Energy Trust.

6.02 Approval of Participation.

(a) A prospective Participant must submit an Application to the Trustees, along with any application Contribution determined and imposed by the Trustees.

(b) Each Application must be approved by a majority vote of the Trustees.

(c) Any Participant which, with the approval of the Trustees, subscribes to this Agreement, shall participate under this Energy Trust as a Participant, whether or not it has executed this Agreement. A Participant's participation in the Energy Trust shall commence on the date specified by the Trustees.

6.03 Obligations, Duties and Liabilities of Participants.

(a) Each Participant hereby agrees to fulfill all obligations and duties established by this Agreement. The Termination or Cancellation of any Participant pursuant to this Article VI shall not affect this Agreement or the trusts contained herein.

(b) Each Participant agrees to contribute and pay over to the Trustees or Manager, as the case may be, at such times and intervals as may be directed by the Trustees or Manager, as the case may be, all Contributions required by this Agreement in such amounts as shall be specified by the Trustees from time to time.

(c) Each Participant hereby agrees to be bound by the provisions of the Bylaws and any other policies duly adopted by the Board of Trustees.

(d) Each Participant hereby agrees under the terms of this Agreement to make prompt payment of Contributions when due and to use its best efforts to provide appropriations for the payment of any sum assessed by the Trustees in accordance with the Agreement and the Bylaws.

(e) Each Participant agrees to designate a Coordinator who shall act as agent for the Participant. The Board of Trustees or the Manager shall not be required to contact any other individual except the Coordinator. Any notice to or any agreements with the Coordinator shall be binding upon the Participant. The Participant reserves the right to change the Coordinator from time to time. Notification of Coordinator designation shall be made by each Participant to the Energy Trust in substantially the form set forth in Appendix G.

(f) Each Participant hereby agrees to furnish promptly to the Trustees all information as is necessary for the prompt administration of the Energy Trust and necessary to permit the Trustees to perform their duties and responsibilities under this Agreement.

6.04 Cancellation and Termination of Participation. Participation in the Trust shall continue until it ceases under one of the following provisions:

(a) Termination by Participant. (i) Except as provided in subparagraphs (ii) and (iii) any Participant may terminate its participation from the Energy Trust as of the end of the Trust Year by giving written notice to the Trustees at least sixty (60) days prior to the expiration of such Trust year. Subject to the approval of the Board of Trustees, a Participant may rescind such notice of Termination at any time prior to the end of the Trust Year in which notice was given.

(ii) A Participant may not terminate its participation in the Energy Trust for a period of two (2) years from the effective date of their approval for participation by the Trustees, unless otherwise approved by the Trustees.

(iii) Notwithstanding subparagraph (ii), a Participant may not terminate its participation in the Energy Trust so long as it is obligated under a contract or agreement that it entered into by virtue of being a Trust Participant, whether or not the Trust is a party to such contract or agreement.

(b) Cancellation. (i) The Trustees shall have the authority by an affirmative vote of two-thirds (2/3) of all Trustees to cancel participation of any Participant for cause including but not limited to the following: failure to make a Contribution when due or within the period of time which may be allowed by the Manager or the Trustees, as the case may be, for the payment thereof; failure to cooperate with the Trust; or any action which may be detrimental to the fiscal soundness or efficiency of the Trust.

(ii) The Trustees shall establish in the Bylaws a system whereby the Trustees provide notice to a Participant prior to any determination of Cancellation.

(c) Status of Participant after Termination or Cancellation.

(i) After Termination or Cancellation, a Participant ceases to qualify for participation in the Energy Trust.

(ii) If any Participant Terminates in violation of subparagraph (a)(ii) of this Section or is Cancelled, any surplus funds attributable to such Participant will be retained by the Energy Trust for the balance of the Trust Year during which the Participant Terminated or was Cancelled or three (3) months, whichever is greater. At the end of such period, any surplus funds will be returned to the Participant minus any actual Contribution, administrative charges or payments due to the Trust.

(iii) In the event of Termination or Cancellation, no return of additional Contribution will be made.

(iv) A Cancelled or Terminated Participant shall remain liable to the Energy Trust for any Contributions which may be assessed upon Participants arising from the Trust Years during which the Terminated or Cancelled Participant was a participant in the Energy Trust, and for obligations incurred by the Trust on behalf of the Terminated or Cancelled

Participant.

ARTICLE VII

AMENDMENTS

7.01 Method of Amendment. The terms and provisions of this Agreement may be amended at any time by an instrument in writing approved and signed by two-thirds (2/3) of the Trustees entitled to vote for one (1) or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Agreement.
- (b) To change or modify any provision of this Agreement so as to comply with any applicable law, regulation or administrative ruling which may be in effect; or
- (c) To change or modify any provision of this Agreement so as to grant any additional rights, authority or power to the Trustees and to the Participants as may lawfully be granted to or conferred upon them.

Such instrument shall be attached to the original of this Agreement.

7.02 Amendments Requiring Consent of Founding Boards of Education. The Founding Boards of Education, by a two-thirds (2/3) vote, must approve any amendment to the Agreement as shall be deemed necessary and desirable by the Trustees for the purpose of modifying, altering or amending, adding to or rescinding any of the terms or provisions contained in this Agreement, subject to the limitations contained in Section 7.03 hereof. The Founding Boards of Education shall prescribe the rules and procedures for submission of proposed amendments and each Founding Board of Education shall have one (1) vote hereunder.

7.03 Limitation on Amendments. No amendment shall be adopted which alters the basic purpose of the Energy Trust, causes the use or diversion of any part of the Trust Fund for purposes other than those authorized herein, or retroactively deprives any Participant of a vested right or interest.

ARTICLE VIII

TERMINATION OF ENERGY TRUST

8.01 Term of Energy Trust. The Energy Trust shall continue unless and until terminated pursuant to law or by an instrument in writing signed by all of the parties to this Agreement.

8.02 Termination. In the event of termination, the Participants covenant and agree to make any provision for payment of claims against the Energy Trust as may be required by the Board of Trustees, including the deposit with the Board of Trustees of funds, surety bonds, or such other guarantees of payment as deemed required and sufficient by the Board. Upon

termination, the Board of Trustees shall continue to serve as Trustees to conclude the affairs of the Energy Trust, including providing for all outstanding obligations, and each Participant shall be entitled to receive distribution of its share of any remaining moneys in the Trust Fund, the calculation of such distribution to be determined by the Trustees.

ARTICLE IX

MISCELLANEOUS

9.01 Title to the Trust Fund. Title to the Trust Fund shall be vested in and remain exclusively in the Trustees to carry out the purposes hereunder and no Participant, or any official, employee or agent of any Participant nor any individual shall have any right, title or interest in the Trust Fund, nor any claim against any Participant on account thereof, except to the extent of the right of Participants to receive their pro rata share of any excess funds as provided hereunder.

No Participant may assign any right, claim or interest it may have under this Agreement.

9.02 No Financial Liability. No Founding Board of Education, which is not a Participant, shall have liability for any Contribution, assessment, or other financial obligation arising out of the operation of the Energy Trust.

9.03 Execution of Documents. The Board of Trustees may authorize any Trustee or the Manager to execute any notice, certificate or other written instrument relating to the Energy Trust (except an instrument of amendment or termination) and all persons, partnerships, corporations, or associations may rely upon such notice or instrument so executed as having been duly authorized and as binding on the Energy Trust and the Trustees.

9.04 Notice. All notices, requests, demands and other communications related to this Agreement, unless otherwise so provided herein, shall be in writing and shall be deemed to be duly given when sent by first-class, registered or certified mail postage paid, return receipt requested, when personally delivered by hand, or when transmitted by facsimile, cable, telex or telegraph, at such addresses as have been last provided to the Energy Trust. The address for such notices, requests, demands or other communications to the Board of Trustees is:

Eastern Shore of Maryland Educational Consortium
Energy Trust
c/o Eastern Shore of Maryland Education Consortium
202 Chesterfield Avenue
Centreville, Maryland 21617

The address for each Participant shall be that address given by the Participant on its Application. The parties shall notify each other in writing as to any change in address.

9.05 Construction. This Agreement shall be governed by the laws of the State.

9.06 Counterparts. This Agreement may be executed in any number of counterparts, (each of which shall be deemed an original) and all such counterpart pages, together with this Agreement, shall constitute the complete Agreement among all the parties hereto.

9.07 Administrative Review. Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by administrative review in accordance with the laws of the State and no suit at law or in equity based on such controversy or claim shall be instituted by any party hereto, other than to enforce a judgment resulting from administrative review. A panel comprised of at least three (3) representatives of Founding Boards of Education shall hear and settle any controversy or claim arising out of or relating to this Agreement or the breach thereof. The Administrative Procedure Act (State Government Article, Title 10, Subtitle 2, as amended from time to time) may serve as a guide in the conduct of hearings and related procedures under this Section.

9.08 Attorneys' Fees. Should it become necessary for the Trust to employ an attorney to enforce any of the conditions or covenants hereof, including the collection of Contributions, with respect to any Participant, the Participant agrees to pay all expenses so incurred, including reasonable attorney's fees.

9.09 Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and the remaining parts of this Agreement shall be construed so as to give practical realization to the purposes intended to be achieved by the parties as if such invalid or illegal or unenforceable provision had never been contained herein.

9.10 Cooperation by Participants. Each Participant agrees to cooperate with the Energy Trust, its Trustees and agents in performing any and all acts, executing any and all papers and documents, and providing any and all information, which are necessary or desirable for carrying out this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this First Amended and Restated ESMEC Energy Trust Agreement, all as of October 30, 2003.

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF CAROLINE COUNTY

By: Edith W. Staley

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF CECIL COUNTY

By: Carol D. Roberts

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF DORCHESTER COUNTY

By: R. Kelly

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF KENT COUNTY

By: Bonnie C. Ward

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF QUEEN ANNE'S COUNTY

By: Bernard J. DeLuca

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF SOMERSET COUNTY

By: Karen-Lee N. Beyer

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF TALBOT COUNTY

By: Karen B. Salzman

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF WICOMICO COUNTY

By: Charlene C. Boston

WITNESS:

R Allan Lorsch

BOARD OF EDUCATION OF WORCESTER COUNTY

By: Donna

APPENDIX A

FOUNDING BOARDS OF EDUCATION

1. CAROLINE COUNTY BOARD OF EDUCATION
2. CECIL COUNTY BOARD OF EDUCATION
3. DORCHESTER COUNTY BOARD OF EDUCATION
4. KENT COUNTY BOARD OF EDUCATION
5. QUEEN ANNE'S COUNTY BOARD OF EDUCATION
6. SOMERSET COUNTY BOARD OF EDUCATION
7. TALBOT COUNTY BOARD OF EDUCATION
8. WICOMICO COUNTY BOARD OF EDUCATION
9. WORCESTER COUNTY BOARD OF EDUCATION

_____ May 21 _____, 2001

APPENDIX B

TRUSTEES

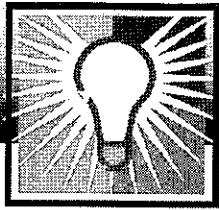
NAME

DATE OF APPOINTMENT

TERM

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

_____, 2003



(EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM)
ESMEC ENERGY TRUST

Mark E. Miller, C.P.M., CPPO, Chairman
Milton E. Nagel, C.P.A., Vice Chairman
Allan Gorsuch, Ed.D., Manager

**ESMEC ENERGY TRUST
PARTICIPANTS LIST
(Appendix C)**

<u>Name</u>	<u>Date of Approval</u>
1.) Board of Education of Caroline County	March 13, 2001
2.) Board of Education of Cecil County	May 14, 2001
3.) Board of Education of Dorchester County	March 14, 2001
4.) Board of Education of Kent County	March 5, 2001
5.) Board of Education of Queen Anne's County	March 7, 2001
6.) Board of Education of Somerset County	March 20, 2001
7.) Board of Education of Talbot County	February 21, 2001
8.) Board of Education of Wicomico County	May 8, 2001
9.) Board of Education of Worcester County	March 21, 2001
10.) Wor-Wic Community College	September 20, 2001
11.) Dorchester County Commissioners	September 18, 2001
12.) Chesapeake College	July 1, 2001
13.) Cecil County Government	October 16, 2001
14.) Caroline County Commissioners	May 7, 2002
15.) Queen Anne's County Government	June 12, 2003
16.) Somerset County Commissioners	June 9, 2004
17.) Cecil Community College	February 10, 2005
18.) Worcester County Commissioners	April 12, 2007
19.) Town of Rock Hall	April 12, 2007
20.) Board of Education Harford County	June 14, 2007
21.) Harford County Government	June 14, 2007
22.) Kent County Government	September 13, 2007
23.) Town of Elkton	January 8, 2009
24.) Town of Millington	January 8, 2009
25.) Town of Sudlersville	January 8, 2009
26.) Town of Betterton	March 12, 2009
27.) Town of Centreville	September 10, 2009
28.) Town of Hebron	September 10, 2009

APPENDIX E-1

PARTICIPANT CONSENT AND APPROVAL

The Participant named below hereby consents to, approves, accepts and agrees to be bound by the foregoing First Amended and Restated Eastern Shore of Maryland Educational Consortium Energy Trust Agreement dated as of _____ as witness the signature of the undersigned authorized officer.

(SEAL)

Name of Participant

ATTEST:

Attesting Officer

By: _____
Authorized Officer

Title of Attesting Officer

Title of Authorized Officer

Date of Consent and Approval: _____

APPENDIX E-2

PARTICIPANT CERTIFICATE

Participant: _____
Name of Board of Education, Local Government, Public Entity

Authorized Officer: _____
Name of Officer executing Participant Consent and Approval

Title of Officer executing Participant Consent and Approval

Consent and Approval Date: _____
Date of Participant Consent and Approval

Official Authorization: _____
Identification of Ordinance, Resolution, Order or other official action
authorizing Participant Consent and Approval (Please attach copy)

Effective Date of Official Authorization

The undersigned certifying officer hereby certifies as follows:

1. The First Amended and Restated ESMEC Energy Trust Agreement dated as of _____ was duly consented to and approved in accordance with applicable law by appropriate official action of the Participant.

2. The attached copy of the Official Authorization is true, correct and complete and has not been repealed, revoked or rescinded and is in full force and effect as of the date hereof.

3. The attached Participant Approval was duly executed on behalf of the Participant on the Approval Date by the Authorized Officer, and the Authorized Officer was duly authorized on the Approval Date to execute the Participant Approval.

Certifying Officer

Title

Date of Certification

APPENDIX F

TRUSTEE and ALTERNATE TRUSTEE
APPOINTMENT CERTIFICATE

Pursuant to Section 4.01 of the First Amended and Restated Trust Agreement of the Eastern Shore of Maryland Educational Consortium Energy Trust (the "ESMEC Energy Trust"), dated _____, and as a Founding Board of Education [or Participant] of ESMEC Energy Trust, [name of Board of Education] or [name of Participant] hereby appoints the following individuals to serve as Trustee [or Participant Trustee] and Alternate Trustee:

1. _____, as Trustee, and
(name and title)
2. _____, as Alternate Trustee.
(name and title)

We acknowledge and understand that by their appointment as Trustee and Alternate Trustee of the ESMEC Energy Trust, the above named individuals are vested with certain powers, obligations, responsibilities and liabilities as provided in the First Amended and Restated Trust Agreement. We further acknowledge and understand that in order for the ESMEC Energy Trust to function efficiently and in the best interests of the Participants, the Board of Trustees must be able to render timely and unconditional decisions, and we hereby authorize the Trustee and Alternate Trustee named herein to act accordingly on behalf of the Energy Trust.

Authorized Officer: _____
Name of Officer executing Trustee and Alternate Trustee Appointment Certificate

Title of Officer executing Trustee and Alternate Trustee Appointment Certificate

Signature of Authorized Officer

Approval/Appointment Date

APPENDIX G

ASSIGNMENT OF COORDINATOR

Participant: _____
Name of Board of Education, Local Government, Public Entity

Pursuant to Section 6.03(e) of the First Amended and Restated Trust Agreement of the Eastern Shore of Maryland Educational Consortium Energy Trust (the "ESMEC Energy Trust"), dated _____, we hereby notify the ESMEC Energy Trust of the following Coordinator designation:

COORDINATOR INFORMATION:

Name: _____ Title: _____

Mail Address: _____

Street Address: _____

Telephone: _____

Facsimile: _____

E-mail: _____

Effective Date of Designation: _____

Authorized By: _____

Name

Title

Signature

Notifications sent to the Coordinator at the above addresses are binding on the Participant.