

Resolution No. 1-17
Resolution Regarding Economic Development Revenue Bond
Financing for St. Mary's Ryken, Inc.

RESOLUTION

A RESOLUTION of the Council of The Commissioners of Leonardtown (the "Town"), pursuant to and in accordance with the Maryland Economic Development Revenue Bond Act, authorizing and empowering the Town to issue and sell, at one time or from time to time, as limited obligations and not upon its faith and credit or pledge of its taxing power, its economic development revenue bonds in an original aggregate principal amount not to exceed \$24,000,000, and to loan the proceeds from the sale of such bonds to St. Mary's Ryken, Inc., a nonprofit Maryland nonstock corporation (the "Borrower"), to be used for the purpose of (i) refunding a certain outstanding bond (within the meaning of such Act) previously issued by the Town for the benefit of the Borrower, (ii) financing and refinancing the costs of the acquisition and improvement (within the meaning of such Act) of certain facilities (within the meaning of such Act) on the campus of St. Mary's Ryken High School located within the geographical boundaries and jurisdiction of Leonardtown to be used by the Borrower in its operations as a high school, and (iii) funding or paying other costs permitted by such Act; specifying and describing the facilities to be financed and refinanced; generally describing the public purposes to be served and the refunding, financing and refinancing transactions to be accomplished; specifying the maximum aggregate principal amount of such bonds that may be issued by the Town; authorizing the Town Administrator, by executive order or otherwise to specify, prescribe, determine, provide for, or approve, certain matters, details, forms, documents or procedures necessary or desirable to effectuate the authorization, sale, security, issuance, delivery and payment of and for such bonds and the lending of the proceeds thereof to the Borrower; reserving certain rights in the Town; providing that the provisions of this Resolution shall be liberally construed; and generally providing for and determining various matters in connection with the issuance of such bonds and the lending of the proceeds thereof to the Borrower, as required or permitted by such Act.

RECITALS

1. Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as replaced, supplemented or amended, being the Maryland Economic Development Revenue Bond Act (the "Act"), empower any "public body" (as defined in the Act) to issue and sell "bonds" (as defined in the Act), as its limited obligations and not upon its faith and credit or pledge of its taxing power, at any time and from time to time, and to loan the proceeds of the sale of such bonds to one or more "facility users" (as defined in the Act) in order to "finance" (as defined in the Act, which includes "refinance") the costs of the acquisition or "improvement" (as defined in the Act) of a "facility" (as defined in the Act) for one or more facility users, including working capital, to refund outstanding bonds, to pay the costs of preparing, printing, selling, and issuing those bonds, to fund reserves, and to pay interest on such bonds in the amount and for the period the public body deems reasonable.

2. The Act states that its declared legislative purposes are to (1) relieve conditions of unemployment in the State of Maryland (the "State"); (2) encourage the increase of industry and commerce and a balanced economy in the State; (3) assist in the retention of existing industry and

commerce in, and the attraction of new industry and commerce to, the State through, among other things, the development of ports, the control or abatement of environmental pollution and the use and disposal of waste; (4) promote economic development; (5) protect natural resources and encourage resource recovery; and (6) promote the health, welfare and safety of the residents of the State.

3. The Commissioners of Leonardtown, a public body under the Act (the "Town"), has received a letter from St. Mary's Ryken, Inc., a nonprofit Maryland nonstock corporation and a "facility applicant" (as defined in the Act) and a facility user under the Act (the "Borrower"), a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting the Town issue and sell its bonds pursuant to the Act and loan the proceeds of the sale thereof to the Borrower, for the public purpose of refunding the Town's outstanding Economic Development Revenue Bond (St. Mary's Ryken Facility) 2009 Issue (the "2009 Bond") and financing and refinancing the costs of the acquisition and improvement of the 2017 Facility (hereinafter defined) on the campus of St. Mary's Ryken High School located within the geographical boundaries and jurisdiction of the Town at 22600 Camp Calvert Road, Leonardtown, Maryland 20650 (the "Campus"), together with certain other costs permitted by the Act.

4. A public hearing concerning the issuance of such bonds and the location and nature of the 2009 Facility (hereinafter defined) and the 2017 Facility has been held following reasonable public notice (within the meaning of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code")).

5. The Borrower has requested that the proceeds of such bonds be used for the purpose of (1) refunding the outstanding 2009 Bond, (2) financing and refinancing all or a portion of the costs (to the fullest extent permitted by the Act) of the acquisition and improvement of the 2017 Facility, and (3) funding or paying any one or more of the following: reserves, the costs of issuance of the Bonds, interest on the Bonds for a certain period and other costs related to the transaction. The proceeds of the 2009 Bond were loaned by the Town to the Borrower and used to finance the costs of the acquisition, construction and equipping of improvements to the Campus which consisted of and included (i) a new campus entrance, new parking area, turf field, bleacher seating and press facilities, Romuald Hall and renovations and improvements thereto, renovations and improvements to Paschal Hall, and HVAC improvements and renovations to Rupert Hall and Xavier Hall, (ii) the acquisition and installation of certain necessary or useful equipment and machinery and (iii) the acquisition of interests in land and improvements as may have been necessary or suitable for the foregoing, including rights of access, utilities and other site preparation facilities (the "2009 Facility"). The 2017 Facility consists of and includes the acquisition, construction and equipping of additional improvements by the Borrower to the Campus consisting of and including (i) the acquisition and improvement of a multi-story student activity complex containing approximately 48,035 square feet, which will house a performance court, offices, conference rooms, training room, locker rooms, multipurpose room, weight room, storage, fitness center and concession area, (ii) renovations to Paschal Hall, (iii) the acquisition and installation of certain necessary or useful equipment and machinery and (iv) the acquisition of interests in land and improvements as may be necessary or suitable for the foregoing, including rights of access, utilities and other site preparation facilities (the "2017 Facility").

The Letter of Intent provides that the 2009 Facility has been and continues to be used, and the 2017 Facility will be used, by the Borrower in its operations as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Code, for tax-exempt purposes in its activities of operating a high school.

6. The Borrower acknowledges in the Letter of Intent that the Town reserves certain rights concerning the issuance of such bonds as provided in Section 14 of this Resolution.

7. The Town, based upon the findings and determinations and subject to the reservation of rights set forth below, has determined to issue and sell, in addition to any bonds authorized to be issued by any other act of the Town, its bonds (within the meaning of the Act), at one time or from time to time, in an aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) (the "Bonds"), and to loan the proceeds of the Bonds (the "Loan") to the Borrower on the terms and conditions as hereinafter provided in order to refund the outstanding 2009 Bond and finance and refinance, in whole or in part, the costs of the acquisition and improvement by the Borrower of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act.

NOW THEREFORE, BE IT RESOLVED by the Council of the Town of Leonardtown, that:

SECTION 1. It is hereby found and determined as follows:

(a) The Recitals to this Resolution are incorporated by reference herein and deemed a substantive part of this Resolution. Capitalized terms used in this Resolution that are defined in the Recitals shall have the meanings given to such terms in the Recitals.

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter of the Town of Leonardtown (the "Charter"), the code of ordinances of the Town (the "Town Code") or other applicable law or authority to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting capacity under the Charter, the Town Code or other applicable law or authority, (iii) to any person who serves in a "deputy," "associate" or "assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the Town Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the Town Code, the official, however known, who is charged under the Charter, the Town Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein. For example, as of the date of introduction of this Resolution, the person who holds the position of Town Secretary referred to in Section 801 of the Charter is now commonly referred to as the Executive Secretary. The titles of the officials of the Town referred to in this Resolution correspond to the titles of such officials as provided for in the Charter. As evidenced by the Letter of Intent, a "letter of intent" within the meaning of the Act, the issuance of the Bonds pursuant to the Act by the Town, a "public body" and a "municipal corporation" within the meaning of the Act, in order to loan the proceeds to the Borrower, a "facility applicant" and a "facility user" within the meaning of the Act, for the sole and exclusive purpose of refunding the outstanding 2009 Bond and financing and refinancing the acquisition or "improvement," within

the meaning of the Act, of the 2017 Facility, which, along with the 2009 Facility, is a "facility" within the meaning of the Act, for use by the Borrower, will facilitate the refunding of the outstanding 2009 Bond and the acquisition and improvement of the 2017 Facility by the Borrower. References in this Resolution to "improve," "improvement," "finance" or any other term defined in the Act shall have the meanings given to such terms in the Act, as applicable.

(c) The issuance and sale of the Bonds by the Town, pursuant to the Act, for the purpose of refunding the outstanding 2009 Bond and financing and refinancing the costs (to the fullest extent permitted by the Act) of the acquisition and improvement of the 2017 Facility will (i) enhance educational opportunities provided by the Borrower to its students; (ii) strengthen the ability of the Borrower as an educational institution to attract and educate students; and (iii) permit the Borrower to maintain its current enrollment and professional and other staff, and, accordingly, will generally promote one or more purposes of the Act.

(d) The Bonds and the interest on them (i) are not debts or charges against the general credit or taxing powers of the Town within the meaning of any constitutional or charter provision or statutory limitation and (ii) may not give rise to any pecuniary liability of the Town. The Bonds are not a pledge of the faith and credit or taxing power of the Town.

(e) The Bonds and the interest on them shall be limited obligations of the Town, payable by the Town solely from the revenues derived from Loan repayments (both principal and interest) made to the Town (or its assignee) by the Borrower on account of the Loan or other money made available to the Town for such purpose.

(f) As security for the Bonds, the Town may enter into one or more agreements with a trustee or paying agent for the benefit of the holders of the Bonds or with the holder or holders of the Bonds if no trustee or paying agent is appointed for the purpose of assigning or pledging revenues or other security received in connection with the refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act. Except for certain rights of the Town to indemnification and to payments with respect to its administrative expenses, the entire revenues derived from payments on the Loan shall be set apart and applied to the payment of the principal of, premium, if any, and interest on the Bonds.

(g) The proceeds of the Loan will be paid directly to, and will be disbursed by, the trustee or paying agent for the benefit of the holders of the Bonds or by the holder or holders of the Bonds if no trustee or paying agent is appointed. No moneys will be commingled with the Town's funds or will be subject to the absolute control of the Town, but only to such limited supervision and checks as are deemed necessary or desirable to ensure that the proceeds of the sale of the Bonds are used to accomplish the public purposes of the Act and this Resolution. The transactions contemplated by this Resolution do not constitute the acquisition of any physical public betterment or improvement or the acquisition of property for public use or the purchase of equipment for public use, and do not constitute a capital project of the Town within the meaning of any statutory or charter provision. The public purposes expressed in the Act are to be achieved by facilitating the refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act.

(h) The Town will acquire and retain no interest in either the 2009 Facility or the 2017 Facility, either on its own behalf or for the purpose of creating any security for the Bonds (other than such interest as may be held by parties secured by any security interest granted by the Borrower). Any such security interest in favor of the Town shall be assigned to the trustee or paying agent for the benefit of the holders of the Bonds or to the holder or holders of the Bonds if no trustee or paying agent is appointed.

(i) In accordance with Sections 304(e) and 405(a) of the Charter, the Town Administrator of the Town (the "Town Administrator") is the "chief executive" of the Town within the meaning of the Act and shall undertake on behalf of the Town certain responsibilities described in the Act and hereinafter specified.

SECTION 2. The Town is hereby authorized to issue, sell and deliver the Bonds, at any time and from time to time, in one or more series, in an aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000.00), whether taxable or tax-exempt for purposes of the Code, pursuant to the Act and this Resolution, and each series of the Bonds shall be identified by the year of issue or by some other or additional appropriate designation; provided, however, that the Bonds shall be issued and delivered on or within one year from the date of adoption and approval of this Resolution, unless the Bonds are issued within any time period specified in any time extension for issuance of the Bonds provided for pursuant to a resolution of the Council of the Town (the "Council") supplemental to this Resolution. Any series of the Bonds may be issued as a single bond and, in such event, references in this Resolution to the Bonds shall be deemed to mean such single bond with respect to such series.

SECTION 3. It is hereby determined that the best interests of the Town and the Borrower will be served by selling the Bonds of any series at negotiated sale and at par, unless the Town Administrator deems it to be in the best interest of the Town, with the consent of the Borrower, to sell the Bonds at a price above or below par as determined in accordance with Section 5(g) hereof, as permitted by the Act, to one or more banking institutions or other institutional lenders or institutional investors as may be satisfactory to the Town and the Borrower.

SECTION 4. The proceeds of the sale of the Bonds will be loaned by the Town to the Borrower and shall be used by the Borrower solely for the purpose of refunding the outstanding 2009 Bond and financing and refinancing costs of the acquisition and improvement of the 2017 Facility (to the fullest extent permitted by the Act), and to the extent permitted by the holder or holders of the Bonds, any one or more of the following: funding reserves, payment of the costs of preparing, printing, selling and issuing the Bonds, payment of interest prior to and during the period of acquisition and improvement of the 2017 Facility and for a reasonable period thereafter, and payment of any other costs permitted by the Act. The Borrower shall manage, or provide for the management of, the 2009 Facility and the 2017 Facility so as to remain a facility user within the meaning of the Act for as long as any of the Bonds remain outstanding and unpaid.

SECTION 5. Prior to the issuance, sale and delivery of the Bonds of any series, the Town Administrator, by executive order or otherwise:

(a) shall prescribe the form, tenor, terms and conditions of and security for the Bonds of such series;

(b) shall prescribe the principal amounts, rate or rates of interest or method of determining the rate or rates of interest, denominations, date, maturity or maturities (within the limits prescribed in the Act), and the time and place or places of payment of the Bonds of such series, and the terms and conditions and details under which the Bonds of such series may be called for redemption prior to their stated maturities;

(c) if necessary, may appoint a trustee, a bond registrar or a paying agent or agents for the Bonds of such series;

(d) shall approve the form and contents of, and, subject to Section 6 hereof, execute and deliver (where applicable), a loan or loan agreements (by whatever name known), and such other documents, including (without limitation) trust agreements, indentures, assignments, mortgages, deeds of trust, and security instruments to which the Town is a party and which may be necessary to effectuate the issuance, sale and delivery of the Bonds of such series (collectively, the "Documents");

(e) may execute and deliver a contract or contracts for the purchase and sale or placement of the Bonds of any series (or any portion thereof) in form and content satisfactory to the Town Administrator,

(f) shall determine the time of execution, issuance, sale and delivery of the Bonds of such series and prescribe any and all other details of the Bonds of such series;

(g) shall determine the price for the sale of the Bonds of such series, as contemplated in Section 3 of this Resolution;

(i) shall provide for the direct payment by the Borrower of all costs, fees and expenses incurred by or on behalf of the Town in connection with the issuance, sale and delivery of the Bonds of such series, including (without limitation) costs of printing (if any) and issuing the Bonds of such series, legal expenses (including the fees of bond counsel and issuer's counsel) and compensation to any person (other than full-time employees of the Town performing services by or on behalf of the Town) in connection with the issuance of the Bonds;

(j) may provide for the funding of reserves for the Bonds of such series and/or for the payment of interest on the Bonds of such series in such amounts, or for such period, as the Town Administrator deems reasonable, all within the limitations of the Act and this Resolution; and

(k) may make any other determinations not in violation of the Act and shall do any and all things necessary, proper or expedient in connection with the issuance, sale and delivery of the Bonds of such series and in order to accomplish the legislative policy of the Act and the public purposes of this Resolution, subject to the limitations set forth in the Act and any limitations prescribed by this Resolution.

SECTION 6. (a) Each of the Mayor of the Town (the "Mayor") and the Town Administrator, by his or her manual or facsimile signature, is hereby authorized and directed to execute the Bonds of any series in the name and on behalf of the Town and to deliver the Bonds to the purchaser thereof. The corporate seal of the Town shall be affixed on such Bonds and attested by the manual or facsimile signature of the Town Administrator, the Town Secretary of the Town (the "Town Secretary") or other authorized official.

(b) Each of the Mayor and the Town Administrator is hereby authorized to execute, by his or her manual or facsimile signature, to deliver, in the name and on behalf of the Town, and to cause the corporate seal of the Town, attested by the manual or facsimile signature of the Town Administrator, the Town Secretary or other authorized official, to be affixed upon the Documents where required. Upon due execution by the Mayor or the Town Administrator, the Bonds and the Documents shall become binding upon the Town in accordance with their respective terms, as authorized by the Act and this Resolution. The Town Administrator may not both execute and attest to the corporate seal of the Town on the same Bonds or Documents.

SECTION 7. The Mayor, the Town Administrator, the Treasurer of the Town (the "Treasurer"), the Town Secretary and all other appropriate officials and employees of the Town are hereby authorized to do any and all things, execute, acknowledge, seal and deliver such other and further instruments, supporting documents and certificates, and otherwise take any and all action, necessary, proper or expedient to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

SECTION 8. As described in the Letter of Intent, the Town will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance and sale of the Bonds, the making of the Loan, the refunding of the outstanding 2009 Bond or the acquisition and improvement of the 2017 Facility and the 2017 Facility shall be acquired and improved so as to conform to the requirements of the Borrower; accordingly, the Borrower shall (a) select and work with the suppliers and contractors which will provide, construct and equip the 2017 Facility, and negotiate and approve all contracts, construction plans, specifications, and all financing and refinancing arrangements in connection with the acquisition and improvement of the 2017 Facility, and (b) to the extent Bond proceeds are not available to pay the same, pay all costs incurred by or on behalf of the Town in connection with the authorization, issuance and sale of the Bonds, the making of the Loan, including the administration thereof, the refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed refunding, financing and refinancing, including (without limitation) the fees and expenses of bond counsel and issuer's counsel, all costs incurred in connection with publication of notices of any public hearings to be held in connection therewith, and compensation to any other person (other than full-time employees of the Town) performing services by or on behalf of the Town in connection with the transactions contemplated by this Resolution, including, without limitation, any trustee, bond registrar or paying agent for the Bonds, whether or not the proposed financing and refinancing is consummated. The Town shall have no liability or responsibility for the payment of any such fees and expenses.

SECTION 9. (a) It is the present intention of the Town and the Borrower that any series of Bonds shall be issued on a tax-exempt basis and that all or any portion of any series of the Bonds may be issued as “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code, unless prohibited by the Code. Reference in this Section 9 to the Bonds is intended to apply only to the Bonds of any series the interest on which is exempt from federal income taxation.

(b) The Town Administrator and the Treasurer shall be the officers of the Town responsible for the issuance of the Bonds within the meaning of Section 1.148-2(b)(2) of the Arbitrage Regulations (as hereinafter defined) and shall also be the officers of the Town responsible for the execution and delivery (on the date of issuance of the Bonds) of a certificate of the Town (the “Issuer’s Certificate as to Arbitrage”) which, in the opinion of bond counsel whose opinions are generally accepted in the field of municipal finance, complies with the requirements of Section 148 of the Code (“Section 148”) and the applicable regulations thereunder (the “Arbitrage Regulations”), and the Town Administrator and the Treasurer are hereby authorized and directed to execute the Issuer’s Certificate as to Arbitrage and to deliver the same to bond counsel on the date of the issuance of the Bonds. The Borrower may also be a party to the Issuer’s Certificate as to Arbitrage.

(c) The Town recognizes its obligation to set forth in the Issuer’s Certificate as to Arbitrage its reasonable expectations as to relevant facts, estimates and circumstances based on the representations of the Borrower relating to the use of the proceeds of the sale of the Bonds, or of any moneys, securities or other obligations on deposit to the credit of any funds created and established by the Documents which may be deemed to be proceeds of the sale of the Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, “Bond Proceeds”), in order that correct legal conclusions can be reached regarding the effect of such facts, estimates and circumstances. Accordingly, the Town covenants that (i) the facts, estimates and circumstances set forth in the Issuer’s Certificate as to Arbitrage will be based on the Town’s reasonable expectations on the date of issuance of the Bonds (to the extent applicable, based on representations of the Borrower) and will be, to the best of the certifying officers’ knowledge, true and correct as of that date and (ii) the certifying officers will certify that they are not aware of any facts or circumstances that would cause them to question the accuracy of the representations made by the Borrower.

(d) The Town covenants that it will not make, or (to the extent it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 and the Arbitrage Regulations. The Town further covenants that it will comply with those provisions of Section 148 and the Arbitrage Regulations which are applicable to the Bonds on the date of issuance of any Bonds and which may subsequently lawfully be made applicable to the Bonds.

(e) The Town Administrator and/or the Treasurer are hereby authorized and empowered to approve and execute such supporting documents, additional certificates or instruments or information returns as may be required or permitted under the Code and the Arbitrage Regulations and to make any elections provided for under the Code or the Arbitrage Regulations.

SECTION 10. The Town may, from time to time and at any time, with such consent of the holders of the Bonds as may be required pursuant to the Documents, adopt resolutions, as appropriate under the Act, supplemental to this Resolution for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or the Documents. Alternatively, if in the judgment of the Mayor or the Town Administrator, the interests of the Town shall not be adversely affected thereby, the Mayor or the Town Administrator, on behalf of the Town, from time to time or at any time following the initial issuance of the Bonds, may give any consent or approval, take any action, make any determination, demand or request, or give any notice, direction or other communication provided for on the part of the Town in the Documents, or negotiate, approve, execute and deliver any amendments, modifications or supplements to the Documents, or negotiate, approve, execute and deliver any additional documents, certificates or instruments deemed necessary or desirable to consummate or effect the transactions contemplated by this Resolution, the Bonds or the Documents; provided that, any of the foregoing shall be subject to any approval of the Council and/or the Mayor as may be required pursuant to federal tax law.

SECTION 11. The Bonds may not give rise to any pecuniary liability of the Town. No covenant or agreement contained in this Resolution, the Bonds, the Documents or any other document, instrument or certificate executed, sealed or delivered in connection with the consummation of the transactions contemplated by this Resolution shall be deemed to be a covenant or agreement of any official, agent or employee of the Town in his individual capacity; and none of the Mayor, the members of the Council, the Town Administrator, the Treasurer, the Town Secretary nor any official, agent or employee of the Town executing the Bonds or any of the aforesaid documents, instruments or certificates shall be subject to any personal liability or accountability by reason of the authorization, issuance, execution, sealing, acknowledgment or delivery of the same.

SECTION 12. The Mayor and the Town Administrator are each hereby designated to be an authorized representative of the Town for any and all purposes required or permitted by the Act, this Resolution or the Documents.

SECTION 13. The Town Administrator is hereby authorized, empowered and directed to accept the Letter of Intent, on behalf of the Town, in order to further evidence the intention of the Town to issue and sell the Bonds in accordance with the terms and provisions of the Act, this Resolution and the Letter of Intent.

SECTION 14. (a) This Resolution is intended to be, and shall constitute, evidence of the present intent of the Town to issue and deliver the Bonds authorized hereby in accordance with the terms and provisions hereof, for the purpose of materially inducing the Borrower to refund the outstanding 2009 Bond and to acquire and improve the 2017 Facility. Notwithstanding the foregoing, nothing in this Resolution shall be deemed to constitute (a) an undertaking by the Town to expend any of its funds (other than the proceeds from the sale of the Bonds, revenues derived from the Loan repayments made to the Town on account of the Loan, and any other moneys made available to the Town for such purpose) to effect the transactions described herein, (b) an assurance by the Town as to the availability of one or more ready, willing and able purchasers for the Bonds or as to the availability of one or more purchasers of the Bonds to whom the Bonds may lawfully be sold under, among others, applicable federal and state securities and

legal investment laws, or (c) the approval of, or any commitment for approval by, the Town or any of its officials or employees of any license, permit, application or any other request to the Town, if any, with respect to zoning, land use or development matters relating to the 2017 Facility or operation of the 2009 Facility or the 2017 Facility. Notwithstanding any references in this Resolution to the Bonds being payable from loan repayments made to the Town, it is intended that the Borrower will make debt service payments directly to the holders of the Bonds or to a trustee or paying agent acting on behalf of the holders of the Bonds.

(b) The Town and the Borrower contemplate that the Borrower may proceed with plans for refunding the outstanding 2009 Bond and the financing and refinancing the costs of acquisition and improvement of the 2017 Facility upon the adoption of this Resolution and prior to the issuance, sale and delivery of the Bonds; provided, however, that if the Borrower proceeds with such refunding, financing and refinancing prior to the determinations of the Town Administrator as provided in Section 5 of this Resolution, it does so at its own risk.

(c) The Town hereby reserves the right, in its sole and absolute discretion, to take any actions deemed necessary by the Town to ensure that the Town (a) complies with present federal and State laws and any pending or future federal or State legislation, whether proposed or enacted, which may affect or restrict the issuance of its bonds, and (b) issues its bonds within the limits imposed by such present laws or any such pending or future legislation or any future local laws, to finance or refinance the costs of those facilities which the Town determines, in its sole and absolute discretion, will provide the greatest benefit to the residents of the Town and the State. In particular, the Town reserves the right to choose to issue its bonds (within the meaning of the Act and any present or future State or local laws) for facilities other than the 2009 Facility or the 2017 Facility, and in such order of priority as it may determine in its sole and absolute discretion. Pursuant to the provisions of this Section 14, the Town reserves the right in its sole and absolute discretion, to, among other things, (1) never issue any Bonds, (2) issue only a portion of the aggregate principal amount of the Bonds requested by the Borrower, (3) restrict the use of the proceeds of the Bonds, (4) delay indefinitely the issuance of the Bonds, or (5) take any other actions deemed necessary by the Town, in its sole discretion, to determine that the Town (as a public body within the meaning of the Act) achieves the goals set forth in the Act and in this Resolution.

SECTION 15. On this date, a public hearing on the proposed refunding of the outstanding 2009 Bond and financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act and the issuance of the Bonds in connection therewith was held before the Council in accordance with law and Section 147(f) of the Code. The Council hereby ratifies, approves and confirms the publication on behalf of the Town of the notice of that public hearing that was given in accordance with law and Section 147(f) of the Code. As the “applicable elected representative” of the Town within the meaning of Section 147(f) of the Code and the regulations promulgated thereunder, the Council hereby approves the issuance of the Bonds and the use of the proceeds of the Bonds to refund the outstanding 2009 Bond and to finance and refinance the costs of the acquisition and improvement of the 2017 Facility and other costs permitted by Section 12-110(b) of the Act for the purposes of Section 147(f) of the Code.

SECTION 16. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held or determined to be illegal, invalid,

unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances. It is hereby declared to be the intent of the Town that this Resolution would have been adopted if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section or part had not been included herein, and if the person or circumstances to which this Resolution or any part hereof are inapplicable had been specifically exempted herefrom, provided however, notwithstanding anything contained in this Section, neither the full faith and credit nor the taxing power of the Town shall be deemed pledged hereby, and the Town shall not hereby incur any indebtedness or charge against the general credit or taxing powers of the Town, within the meaning of any constitutional or charter provision or statutory limitation, and the transactions authorized hereby shall not give rise to any pecuniary liability of the Town.

SECTION 17. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 18. This Resolution shall be effective upon its adoption by the Council and its approval by the Mayor. Pursuant to Section 12-111(e) of the Act, this Resolution is administrative in nature, is not subject to procedures required for legislative acts and is not subject to referendum.

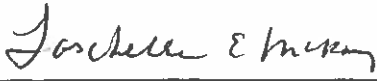
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#193174;50023.015

INTRODUCED this 13th day of February, 2017, and
ADOPTED this 13th day of February, 2017.

ATTEST:

COUNCIL:




Laschelle E. McKay, Town Administrator

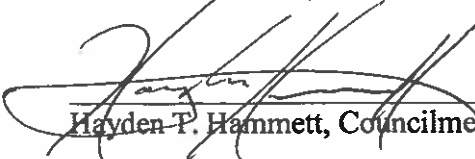
(SEAL)



Leslie E. Roberts, Vice President



Thomas M. Combs, Councilmember



Hayden P. Hammett, Councilmember



J. Maguire Mattingly IV, Councilmember



Roger L. Mattingly, Councilmember

APPROVED BY THE MAYOR this 13th day of February, 2017:



Daniel W. Burris, Mayor

EXHIBIT A

LETTER OF INTENT

[See Attached]



St. Mary's Ryken
A College Preparatory Catholic High School

January 24, 2017

The Commissioners of Leonardtown
22670 Washington Street
P.O. Box 1
Leonardtown, Maryland 20650

Re: Facility Financing and Refinancing for St. Mary's Ryken, Inc.

Dear Mayor and Council Members:

St. Mary's Ryken, Inc., a nonprofit Maryland nonstock corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"), respectfully requests that The Commissioners of Leonardtown, a municipal corporation of the State of Maryland and a "public body" within the meaning of the Act identified below (the "Town"), participate in (i) the refinancing the acquisition and "improvement" (within the meaning of the Act) by the Borrower of a certain facility (within the meaning of the Act) (the "2009 Facility" as defined below) by refunding the Town's outstanding Economic Development Revenue Bond (St. Mary's Ryken Facility) 2009 Issue (the "2009 Bond") and (ii) the financing and refinancing of the acquisition and "improvement" (within the meaning of the Act) by the Borrower of a certain "facility" (within the meaning of the Act) (the "2017 Facility" as defined below), in each case by authorizing, issuing and selling its revenue bond or bonds in an original aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) (the "Bonds"). The Bonds may be issued from time to time in one or more series and may be tax-exempt or taxable for federal income tax purposes. Any such series of Bonds may be issued as a single bond. The Bonds will be issued pursuant to the provisions of the Maryland Economic Development Revenue Bond Act, Sections 12-110 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Act"), or such other statutory authority as may exist when the Bonds are issued. It is intended that this letter, if accepted by the Town, shall constitute a "letter of intent" as contemplated by the Act.

The 2009 Facility consisted of and included, and is defined as, the acquisition, construction and equipping of improvements by the Borrower to the campus of St. Mary's Ryken High School located at 22600 Camp Calvert Road, Leonardtown, Maryland 20650 (the "Campus") consisting of (i) a new campus entrance, new parking area, turf field, bleacher seating and press facilities, Romuald Hall and renovations and improvements thereto, renovations and improvements to Paschal Hall, and HVAC improvements and renovations to

22600 Camp Calvert Road
Leonardtown, Maryland 20650
301-475-2814 301-373-4195 FAX

Rupert Hall and Xavier Hall, (ii) the acquisition and installation of certain necessary or useful equipment and machinery and (iii) the acquisition of interests in land and improvements as may have been necessary or suitable for the foregoing, including rights of access, utilities and other site preparation facilities. The 2017 Facility consists of and includes, and is defined as, the acquisition, construction and equipping of additional improvements to the Campus consisting of (i) the acquisition and improvement of a multi-story student activity complex containing approximately 48,035 square feet, which will house a performance court, offices, conference rooms, training room, locker rooms, multipurpose room, weight room, storage, fitness center and concession area, (ii) renovations to Paschal Hall, (iii) the acquisition and installation of certain necessary or useful equipment and machinery and (iv) the acquisition of interests in land and improvements as may be necessary or suitable for the foregoing, including rights of access, utilities and other site preparation facilities. Proceeds of the Bonds will be applied for the purpose of (1) refunding the outstanding 2009 Bond, (2) financing and refinancing all or a portion of the costs (to the fullest extent permitted by the Act) of the acquisition and improvement of the 2017 Facility, and (3) funding or paying any one or more of the following: reserves, costs of issuance of the Bonds, interest on the Bonds and other costs related to the transaction and permitted by the Act.

The Act empowers, among other public bodies, all the counties and municipal corporations of the State of Maryland (the "State") to borrow money by issuing negotiable revenue bonds and to loan the proceeds of the sale thereof to a "facility applicant" (as defined in the Act) to refund outstanding bonds (as defined in the Act) and to "finance" (as defined in the Act) among other activities, the acquisition and "improvement" of any "facility" (as defined in the Act) for use by a "facility user" (as defined in the Act). The Borrower is a "facility applicant" and a "facility user" within the meaning of the Act. Each of the 2009 Facility and the 2017 Facility constitutes a "facility" as defined in the Act. Any terms which are used in this letter of intent and also defined in the Act are intended to have the meanings given to such terms in the Act.

The Borrower believes that the issuance, sale and delivery of the Bonds by the Town and the attendant refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and other costs permitted by the Act will generally promote one or more of the declared legislative purposes of the Act by (i) enhancing educational opportunities provided by the Borrower to its students; (ii) strengthening the ability of the Borrower as an educational institution to attract and educate students; and (iii) permitting the Borrower to maintain its current enrollment and professional and other staff.

Financial considerations have been a factor leading to the Borrower's intention to refinance and finance the costs of acquisition and improvement of the 2009 Facility and the 2017 Facility. The Borrower has investigated the availability and feasibility of conventional financing for the refunding of the outstanding 2009 Bond and the financing or refinancing of costs of acquisition and improvement of the 2017 Facility. The Borrower has received a commitment letter for purchase of the Bonds by a bank. Such commitment letter provides for the issuance of fixed rate bonds. The 2009 Bond was issued as variable rate bond. If the Bonds are issued as fixed rate bonds to such bank as anticipated, budgetary uncertainty will be eliminated due to the locking-in of a fixed interest rate or rates. In addition, the interest rate offered by such financial

institution with respect to the portion of the Bonds to be issued for purposes of financing or refinancing costs of the acquisition and improvement of the 2017 Facility is lower than rates typically available for conventional financing. The decision of the Borrower to refinance the costs of acquisition and improvement of the 2009 Facility by refunding the outstanding 2009 Bond and to expand its facilities with the addition of the 2017 Facility has been materially influenced by the availability of economic development revenue bond financing from the Town.

The 2009 Facility has been and will continue to be used, and the 2017 Facility will be used, by the Borrower in its operations as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), for tax-exempt purposes in its activities of operating a high school.

The Bonds shall be limited obligations of the Town, the principal of, premium, if any, and interest on which shall be payable solely from the revenues derived from loan repayments (both principal and interest) by the Borrower pursuant to the terms and provisions of the Loan Agreement (hereinafter defined) or other money made available for such purpose. The Borrower proposes that the Town loan the proceeds of the Bonds (the "Loan") to the Borrower pursuant to the terms and provisions of one or more loan agreements or loan and financing agreements or similar agreements to be entered into by and between the Town and the Borrower (by whatever name called, the "Loan Agreement"). The Loan Agreement will require that the Borrower (1) use the proceeds of the Loan for the sole and exclusive purpose of refunding the outstanding 2009 Bond and financing and refinancing the costs of the acquisition and improvement by the Borrower of the 2017 Facility and related costs permitted by the Act, including (without limitation), to the extent permitted by the holder or holders of the Bonds, paying the expenses of preparing, printing and selling the Bonds and funding any required reserves or interest, (2) make Loan payments (both principal and interest) sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds, as the same become due and payable, (3) pay all expenses incurred by the Town in connection with the issuance and sale of the Bonds and the making and administration of the Loan, as the same become due and payable, and (4) indemnify the Town for any liabilities of the Town relating to the Bonds and the transactions contemplated by the Loan Agreement. The Loan Agreement will contain such other provisions as may be required by law and as may be agreed to by the Borrower, the Town, and the purchaser(s) of the Bonds, as applicable, as permitted by law.

The Town will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance and sale of the Bonds, the making of the Loan, the refunding of the outstanding 2009 Bond or the acquisition and improvement of the 2017 Facility, and the 2017 Facility shall be acquired and improved so as to conform to the requirements of the Borrower; accordingly, the Borrower shall (a) select and work with the suppliers and contractors which will provide, construct and equip the 2017 Facility, and negotiate and approve all contracts, construction plans, specifications, and all financing and refinancing arrangements in connection with the acquisition and improvement of the 2017 Facility, and (b) to the extent Bond proceeds are not available to pay the same, pay all costs incurred by or on behalf of the Town in connection with the authorization, issuance and sale of the Bonds, the making of the Loan, including the administration thereof, the refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the

2017 Facility and other costs permitted by the Act, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed refunding of the outstanding 2009 Bond and financing and refinancing of the 2017 Facility, including (without limitation) the fees and expenses of bond counsel and issuer's counsel, all costs incurred in connection with publication of notices of any public hearings to be held by the Town in connection therewith, and compensation to any other person (other than full-time employees of the Town) performing services by or on behalf of the Town in connection with the transactions contemplated by this letter of intent including, without limitation, any trustee, bond registrar or paying agent for the Bonds, whether or not the proposed refunding, financing and refinancing are consummated. The Town shall have no liability or responsibility for the payment of any such fees and expenses.

The Borrower hereby agrees to indemnify and hold harmless the Town and all of its officials, officers, employees, agents and representatives from any and all claims, damages, expenses, fees and costs of any nature whatsoever in connection with the refunding of the outstanding 2009 Bond or the financing and refinancing of the costs of the acquisition and improvement of the 2017 Facility, the issuance of any Bonds and other related costs permitted by the Act.

It is further understood and agreed to by the Borrower that the proposal contained herein is subject to: (a) a public hearing to be held by the Town following at least fourteen (14) days' prior published notice in a newspaper of general circulation in Leonardtown, Maryland; (b) the approval and appropriate action by the Council of the Town (the "Council"), the Mayor of the Town (the "Mayor") and the Town Administrator of the Town (the "Town Administrator"), as applicable; and (c) the approval of detailed provisions of all documents pertaining to the financing or refinancing as yet to be developed. The acceptance of this letter of intent by the Town shall be evidence of the bona fide present intent, but not the commitment, of the Town to authorize the issuance, sale and delivery of the Bonds and to authorize the Loan for the purposes described herein; provided, however, that the Borrower recognizes that:

1. The Town cannot make any guarantee, promise or assurance that the terms and conditions of the Bonds (including, but not limited to, the principal amount of the Bonds to be issued, the rate or rates of interest the Bonds are to bear, the times and place or places that the Bonds are to be executed, issued and delivered, the redemption provisions for the Bonds, the form, tenor and denominations of the Bonds and the times and place or places of payment of the Bonds and the amounts payable at such times), as actually authorized to be issued, will be acceptable to the Borrower;

2. The Town can give no guarantee, promise or assurance as to the availability of ready, willing and able purchasers of the Bonds or as to the availability of one or more purchasers of the Bonds to whom the Bonds may lawfully be sold under, among others, applicable federal and state securities and legal investment laws;

3. The ability of the Town to issue any Bonds as tax-exempt obligations depends in large measure upon compliance by the Borrower with applicable provisions of the Code and regulations promulgated thereunder, and such provisions may be changed without

the Town's knowledge or consent and, therefore, the Town can give no assurance and makes no representation that the Bonds, if issued, or the income therefrom, will be tax-exempt; and

4. The Town makes no representation and offers no opinion on the appropriateness of having the Bonds issued to refund the outstanding 2009 Bond or to finance and refinance the costs of the acquisition and improvement of the 2017 Facility and other costs permitted under the Act in lieu of other financing alternatives or as to any benefit to the Borrower resulting from the issuance of the Bonds.

Prior to the issuance of the Bonds, in accordance with the Act, the Council shall adopt and the Mayor shall approve a resolution specifying and determining, or authorizing the appropriate Town official to specify or determine, the proposed undertaking, the amount of the Bonds to be issued, the rate or rates of interest the Bonds are to bear (or the method of determining such rate or rates), and such other provisions not inconsistent with the Act as shall be determined by the Council to be necessary or desirable to effect the refunding of the outstanding 2009 Bond and the financing and refinancing of the costs of acquisition and improvement of the 2017 Facility and related costs permitted by the Act, including (without limitation) the time that the Bonds are to be executed, issued and delivered, the principal amount of the Bonds to be issued, the form, tenor and denominations of the Bonds, the times and place or places of payment of the principal of and interest on the Bonds and the amounts payable at such times. References to the Bonds in this paragraph shall be construed to mean any series of the Bonds.

The Town's adoption of such bond-authorizing resolution providing for the issuance and sale of the Bonds and its acceptance of this letter of intent are intended solely to implement the refunding of the outstanding 2009 Bond and the refinancing and financing of the 2017 Facility. Neither the acceptance of this letter of intent nor the adoption of such a resolution shall constitute any assurance by the Town that (a) the Borrower will have the ability to make payments sufficient to provide for the repayment of the Bonds, (b) the 2017 Facility will be feasible, economically or otherwise, (c) the 2017 Facility will be completed, or (d) either the 2009 Facility or the 2017 Facility is or will be in compliance with applicable State, local or federal laws, nor shall it in any way indicate the approval of, or constitute any commitment for approval by, the Town or any of its officials, officers or employees of any license, permit, application, zoning or any other request to the Town with respect to the acquisition and improvement of the 2017 Facility or the operation of the 2009 Facility or the 2017 Facility.

The Bonds are not debts or charges against the general credit or taxing powers of the Town within the meaning of any constitutional or charter provision or statutory limitation and may not give rise to any pecuniary liability of the Town. The Bonds shall be limited obligations of the Town, the principal of, premium, if any, and interest on which shall be payable solely from the revenues and moneys received from the financing and refinancing of costs of the acquisition and improvement of the 2009 Facility and the 2017 Facility or other moneys made available to the Town for such purpose. Moreover, nothing contained in this letter of intent shall be deemed to constitute an undertaking by the Town to expend any of its funds to effect any or all of the transactions contemplated by this letter of intent.

The Borrower intends that the interest payable on the Bonds shall be excludable from the gross income of the owners of the Bonds for purposes of federal income taxation pursuant to Section 103 of the Code.

While the acceptance by the Town of this letter will evidence the Town's present intention to issue the Bonds, the Town reserves the right, in its sole and absolute discretion, to take any actions it deems necessary in order to ensure that it: (a) complies with present federal and State laws and any pending or future federal or State legislation, whether proposed or enacted, which may affect or restrict the issuance of its bonds, and (b) issues its bonds within the limits imposed by such present laws or any such pending or future legislation or any future local laws, to finance or refinance the costs of those facilities which the Town determines, in its sole and absolute discretion, will provide the greatest benefit to the residents of the Town and the State. In particular, the Town reserves the right to choose to issue its bonds (within the meaning of the Act and any present or future State or local laws) for facilities other than the 2009 Facility or the 2017 Facility, and in such order of priority as it may determine in its sole and absolute discretion. Accordingly, if the Borrower proceeds with the refunding of the outstanding 2009 Bond or the financing and refinancing of the costs of the acquisition and improvement of the 2017 Facility before the Town finally determines to issue the Bonds, the Borrower does so at its own risk.

If at any time the Borrower decides not to proceed with the issuance, sale and delivery of the Bonds, it will promptly notify the Town Administrator in writing of such determination, stating the reasons therefor.

To the extent any series of the Bonds is to be issued as tax-exempt bonds for purposes of the Code, the Borrower agrees that all certifications (including opinions of the Borrower's counsel) required by bond counsel to the Town will be provided in order to establish that interest on the Bonds will be exempt from federal income taxation (including certifications enabling the Town to certify that such Bonds are not arbitrage bonds).

The Borrower expects that the Bonds will be issued on or before December 31, 2017 and acknowledges that if the Bonds are not so issued by that date, the Town Administrator may determine not to issue the Bonds in calendar year 2018 in order to preserve the ability of the Town to issue for its own purposes, or to allow the Town to issue for its own purposes, tax-exempt obligations of the Town as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The Borrower accepts, and understands that the Town has accepted, (i) the designation of the firm of Miles & Stockbridge P.C. (A) as bond counsel to render customary approving and tax opinions relating to the Bonds and (B) as counsel to the Borrower and (ii) the designation of the firm of Funk & Bolton, P.A. as issuer's counsel to render a customary opinion in such role.

This letter of intent may be executed in counterparts and counterpart signature pages of this letter of intent may be circulated by facsimile transmission and/or e-mail; any such counterparts circulated in such manner shall be treated as originals for all purposes.

The Borrower gratefully acknowledges the Mayor's and the Council's participation in this proposed transaction to date.

Very truly yours,

ST. MARY'S RYKEN, INC.

By: 
Mary Joy Hurbutt
President

Accepted on behalf of The Commissioners of Leonardtown in accordance with the provisions of a Resolution adopted by the Council of The Commissioners of Leonardtown on _____, 2017 and approved by the Mayor of The Commissioners of Leonardtown on _____, 2017.

THE COMMISSIONERS OF LEONARDTOWN

By: _____
Laschelle E. McKay, Town Administrator