

ENTITLED

A RESOLUTION pursuant to the Maryland Economic Development Revenue Bond Act (the "Act") providing for the approval, execution, issuance, sale and delivery by The Commissioners of Leonardtown (the "Issuer"), as its limited obligations and not upon its faith and credit or pledge of its taxing power, of its bonds designated "The Commissioners of Leonardtown Economic Development Revenue Bonds (St. Mary's Hospital of St. Mary's County, Inc. Project), Series 1990" in the aggregate principal amount not exceeding \$1,500,000 for the purpose of financing a portion of the costs of St. Mary's Hospital of St. Mary's County, Inc., a nonprofit corporation organized and existing under the laws of the State of Maryland (the "Facility Applicant") with respect to the acquisition of certain computer equipment to be used by the Facility Applicant at its location at 234 Jefferson Street, Leonardtown, Maryland; specifying and describing the facility to be financed; generally describing the public purposes to be served; specifying the maximum aggregate principal amount of such bonds that may be issued to be \$1,500,000; confirming the financing of such facility and the issuance of such revenue bonds; authorizing and empowering the Mayor of the Issuer, the Town Administrator, or any other administrative officer approved by the Mayor, to prescribe the form, tenor, terms and conditions of, security for, the principal amount, rate or rates of interest, denomination or denominations, date, maturity, and the time and place or places of payment of such revenue bonds, the terms and conditions and details under which such revenue bonds may be called for redemption prior to their stated maturity, and all other details of such revenue bonds; authorizing and empowering the Mayor of the Issuer, the Town Administrator, or any other administrative officer approved by the Mayor, to approve certain documents in connection with the issuance, sale, and delivery of such revenue bonds and to provide for the execution and delivery of all of such documents to which the Issuer is a party; authorizing and empowering the Mayor of the Issuer, the Town Administrator, or any other administrative officer approved by the Mayor, to determine the method and establish the terms of the sale of such revenue bonds; authorizing and empowering the Mayor of the Issuer, the Town Administrator, or any other administrative officer approved by the Mayor, to do all such acts and things and to execute, acknowledge, seal, and deliver such documents and certificates as may be necessary to consummate the contemplated transactions; and generally providing for and determining various matters in connection with the authorization, sale, security, issuance, delivery,

and payment of or for such revenue bonds in order to accomplish the legislative policy of the Act.

RECITALS

The Maryland Economic Development Revenue Bond Act, Sections 14-101 through 14-109 inclusive, of Article 41 of the Annotated Code of Maryland (1986 Replacement Volume and 1989 Supplement) (the "Act"), provides that in order to accomplish the legislative policy of the Act, The Commissioners of Leonardtown (the "Issuer" or the "Town") may issue and sell its bonds as its limited obligations and not upon its faith and credit or pledge of its taxing power for the purpose of financing or refinancing any costs of the acquisition of a facility or for refunding outstanding bonds, including the necessary expenses of preparing, printing, selling, and issuing those bonds, the funding of reserves, and the payment of interest with respect to financing such acquisition in such amounts, or for such period, as the Issuer deems reasonable.

The Issuer has received a letter of intent dated September 10, 1990 a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), from St. Mary's Hospital of St. Mary's County, Inc. (the "Facility Applicant") requesting the Issuer to participate in the financing of the costs of the acquisition of certain computer equipment and related costs of installation thereof (the "Facility") to be located at 234 Jefferson Street, Leonardtown, Maryland on the site of the existing hospital.

The Letter of Intent indicates that the construction of the Facility will consist of the purchase of computer equipment for use by the Facility Applicant, including (without limitation) computer displays and printers and implementing and operational computer software.

NOW THEREFORE, IN ACCORDANCE WITH THE ACT:

SECTION 1. BE IT RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That acting pursuant to the Act, it is hereby found and determined as follows:

(1) The Facility Applicant is a "facility applicant" and a "facility user" within the meaning of the Act; the Facility is a "facility" within the meaning of the Act; and the Letter of Intent is a "letter of intent" within the meaning of the Act.

(2) The issuance and sale of the Bonds (hereinafter defined) by the Issuer, pursuant to the Act, for the sole and

behalf of the Issuer in order to further evidence the intent of the Issuer to issue and sell the Bonds (hereinafter defined) in accordance with the terms and provisions of this Resolution.

SECTION 3. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That a series of revenue bonds of the Town designated "The Commissioners of Leonardtown Economic Development Revenue Bonds (St. Mary's Hospital of St. Mary's County, Inc. Project) Series 1990 (the "Bonds") are hereby authorized to be executed, issued, sold and delivered in the aggregate principal amount not to exceed \$1,500,000, pursuant to the authority of the Act and this Resolution.

In the event that any refunding bonds are issued, the outstanding principal amount of any bonds, provision for the payment of which has been made from the proceeds of such refunding bonds, shall not be taken into account in determining the aggregate principal amount of bonds issued, sold and delivered pursuant to this Resolution.

The Bonds shall be executed in the name of the Issuer and on its behalf by the Authorized Officer (hereinafter defined) by his or her manual or facsimile signature, and the corporate seal of the Town or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Town Secretary.

SECTION 4. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That the Bonds are hereby designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

In order to assure the registered owners of the Bonds that the Bonds are and shall remain eligible under the Internal Revenue Code of 1986, as amended (the "Code") for the designation made in the previous paragraph, the Issuer covenants and agrees with the registered owners of the Bonds that (a) the Issuer and any subordinate entities of the Issuer have not issued "tax-exempt obligations" (as defined in Section 265(b)(4)(B) of the Code) (other than private activity bonds except for qualified 501(c)(3) obligations) during calendar year 1990 in an aggregate principal amount in excess of \$10,000,000, and (b) the Issuer and its subordinate entities will not during calendar year 1990 issue more than \$10,000,000 aggregate principal amount of such "tax-exempt obligations" unless the Issuer has received a written opinion of bond counsel (i.e., a law firm having a national reputation in the field of municipal law, whose opinions are generally accepted by purchasers of municipal bonds) to the effect that the issuance of such obligations will not affect the continued

validity or effectiveness of the designation made in the previous paragraph.

SECTION 5. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That the Issuer hereby covenants with each holder of the Bonds that it will not use, or suffer or permit to be used, the proceeds received from sale of the Bonds, or any moneys on deposit to the credit of any account of the Issuer which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, and applicable regulations thereunder, which use would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder. The Issuer further covenants that it will comply with Section 148 of the Code and the regulations thereunder which are applicable to the Bonds on the date of issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds. The Mayor, the Town Administrator of the Issuer, or any other administrative officer approved by the Mayor is hereby authorized and directed to prepare or cause to be prepared and to execute, respectively, any certification, opinion or other document which may be required to assure that the Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder.

The Mayor, the Town Administrator of the Issuer, or any other administrative officer approved by the Mayor (the "Authorized Officer"), may make such covenants or agreements in connection with the issuance of such Bonds as he or she shall deem advisable in order to assure the holders of the Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the Issuer so long as the observance by the Issuer of any such covenants or agreements is necessary in connection with the maintenance of the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Issuer regarding compliance with the provisions of the Code as the Authorized Officer shall deem advisable in order to assure the holders of the Bonds that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of the proceeds of the Bonds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purposes for which, the proceeds of the Bonds may be expended, or the utilization of specified procedures for accounting for and segregating the proceeds of the Bonds. Any covenant or agreement made by the Authorized Officer of the Issuer pursuant to this paragraph shall be set forth in a Section 148 Certificate to be executed by the Authorized Officer.

SECTION 6. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That the Authorized Officer is hereby authorized to specify, prescribe, determine, provide for and approve--all within the limitations of this Resolution and the Act--all matters, details, forms, documents and procedures pertaining to the sale, security, issuance, delivery and payment of or for the Bonds, including (without limitation):

(a) the principal amount of the Bonds to be issued at any one time and from time to time; the rate or rates of interest thereon; the date or dates of maturity thereof; provisions for the payment, prepayment and redemption thereof; provisions for a sinking fund; the designation or designations of the bonds and of any series; and the date or dates of issuance thereof;

(b) the form, tenor, terms and conditions of the Bonds and provisions for the registration and transfer of the Bonds;

(c) the form and contents of, and provisions for the execution and delivery of, such financing documents as the Authorized Officer shall deem necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the Bonds, including (without limitation) any loan agreements, trust agreements or indentures, notes, mortgages, security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities securing the Bonds, assignments, guarantees, financing agreements or escrow agreements;

(d) provision for the payment directly by the Facility Applicant, whether or not the proposed financing is consummated, of all expenses of preparing, printing and selling the Bonds (including, without limitation, any and all costs, fees and expenses incurred by or on behalf of the Issuer in connection with the authorization, issuance, sale and delivery of the Bonds) and of all costs incurred in connection with the development of the appropriate legal documents (including the fees of counsel to the Issuer and bond counsel and compensation to any persons, other than full-time employees of the Issuer, or entities performing services for or on behalf of the Issuer in connection therewith and in connection with all other transactions contemplated by this Resolution);

(e) the creation of security for the Bonds and provision for the administration of the Bonds, including (without limitation) the appointment of such trustees, escrow agents, paying agents, registrars or other agents as the Authorized Officer shall deem necessary or desirable to effectuate the transactions authorized hereby;

(f) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment

of the Bonds, the security for the Bonds, and the consummation of the transactions contemplated by this Resolution as may be deemed appropriate and approved by the Authorized Officer, including (without limitation) establishing procedures for the execution, acknowledgement, sealing and delivery of such other and further agreements, documents and instruments, and the authorization of the officials of the Issuer to take any and all actions, as may be necessary or appropriate to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

The Authorized Officer is hereby authorized to prescribe procedures to facilitate the prompt determination and approval of one or more of the matters set forth above. Such procedures may include telephonic approval and subsequent telegraphic or written confirmation of one or more of such matters by a designated officer of the Issuer within guidelines or parameters prescribed by the Authorized Officer. The Authorized Officer is further authorized (1) to establish procedures for the utilization of variable or floating rates of interest, (2) to enter into arrangements with a bank or other appropriate institution to facilitate the purchase, repurchase, sale, transfer or payment of Bonds, including (without limitation) the use of general or standby letters of credit, revolving credit facilities, repurchase agreements or other similar arrangements and (3) to take such actions as may be necessary to implement a program for the issuance of Bonds in the nature of commercial paper, demand notes or floating rate obligations.

Orders issued pursuant to this Resolution shall be deemed to be of an administrative nature and shall be effective upon the effective date specified therein.

SECTION 7. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That, as permitted by the Act, the Bonds shall be sold at private (negotiated) sale and at par, unless the Authorized Officer deems it to be in the best interests of the Issuer to sell the Bonds at public sale or at above or below par, in which event the Bonds shall be sold in such manner, at such price or prices and upon such terms as the Authorized Officer deems to be in the best interests of the Issuer. The Bonds shall be sold at such times, on such dates and to such persons, firms or corporations (including, without limitation, banks or other financial institutions) as shall be determined by the Authorized Officer.

SECTION 8. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That The Commissioners of Leonardtown hereby confirms and ratifies the public hearing with respect to the

Bonds on September 10, 1990. The adoption of this Resolution shall constitute approval for the issuance of the Bonds for the purpose of Section 147(f) of the Code.

SECTION 9. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That the Bonds shall never constitute or give rise to any pecuniary liability of the Issuer and, notwithstanding any provision of any agreement or document to which the Issuer may become a party or may become subject in connection with the transactions contemplated by this Resolution, neither the Facility Applicant nor the bondholders nor any other person shall have any claim against the Issuer or any of its officers, officials, agents or employees for damages suffered as a result of the Issuer's failure to perform in any respect any covenant, undertaking or obligation under the Bonds or under any agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") nor as a result of the incorrectness of any representation in or any omission from any of the Bond Documents. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding (other than that element in any action or proceeding involving a claim for monetary damages) in any court or before any governmental body, agency or instrumentality against the Issuer or any of its officers, officials, agents or employees to enforce the provisions of any of the Bond Documents.

SECTION 10. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That the provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held to be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or 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 legislative intent that this Resolution would have been passed if such illegal, invalid or unconstitutional 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 is inapplicable had been specifically exempted herefrom.

SECTION 11. AND BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF LEONARDTOWN, That this Resolution shall take effect on the date of its approval.

ADOPTED this 10th day of September, 1990.

J. Maguire Mattingly, Jr.
J. Maguire Mattingly, Jr., Mayor

Edward Long
Edward Long, Vice President

James Densford
James Densford, Councilman

Ruth W. Proffitt
Ruth Proffitt, Councilwoman

Stephen Raley
Stephen Raley, Councilman

Wayne Vincent, Sr.
Wayne Vincent, Sr., Councilman

I HEREBY CERTIFY, that this is a true and correct copy of Resolution No. 4-90 of The Commissioners of Leonardtown adopted on September 10, 1990.

IN TESTIMONY WHEREOF, I have hereunto set my hand as Town Secretary and affixed the seal of The Commissioners of Leonardtown this 10th day of September, 1990.

[SEAL]

Shellen J. Wright
Town Secretary

ST. MARY'S HOSPITAL OF ST. MARY'S COUNTY
234 Jefferson Street
Leonardtwn, Maryland 20650

September 10, 1990

The Commissioners of Leonardtown
Leonardtwn, Maryland

Re: Commissioners of Leonardtown
Economic Development Revenue Bonds
(St. Mary's Hospital Project)

Gentlemen:

The St. Mary's Hospital of St. Mary's County, a nonprofit corporation organized under the laws of the State of Maryland (the "Borrower"), respectfully requests that The Commissioners of Leonardtown (the "Public Body"), a body politic and corporate of the State of Maryland (the "State"), participate pursuant to Article 41, Sections 14-101 through 14-109 of the Annotated Code of Maryland (1986 Replacement Volume and 1989 Cumulative Supplement) (the "Act") or such other statutory authority as may exist when the Bonds (hereinafter defined) are issued, in the financing of the acquisition (as defined in the Act) (the "Acquisition"), by the Borrower of a "facility" (as defined in the Act) as described in Schedule 1 to this Letter of Intent (the "Facility") to be located in St. Mary's County, Maryland, by authorizing, issuing and selling its economic development revenue bonds (the "Bonds") in an aggregate principal amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000). It is intended that this letter, if accepted by the Public Body, shall constitute a "letter of intent" as contemplated by the Act.

The Borrower believes that the Acquisition of the Facility will encourage the increase of industry and commerce and a balanced economy in the Public Body and the State; assist in the retention of existing industry and commerce in the Public Body and the State; promote economic development; and generally promote the health, welfare and safety of the residents of the Public Body and the State.

The Act empowers all the counties and municipalities of the State to issue economic development revenue bonds and to loan the proceeds of the sale thereof to a "facility applicant" (as defined in the Act) to finance the "acquisition" (within the meaning of the Act), by such a facility applicant of a "facility" (as defined in the Act). The Borrower is a "facility applicant" and a "facility user" as contemplated by Section 14-101 of the Act and intends to use the Facility in connection with its business of operating a hospital and providing health care services.

The Bonds shall be payable by the Public Body solely from the revenue derived from loan repayments (both principal and interest) made to the Public Body by the Borrower pursuant to the terms and provisions of the Loan Agreement (hereinafter defined) and from any other moneys made available by the Borrower for such purpose. The Borrower proposes that the Public Body loan or otherwise made available by a lease arrangement the proceeds of the sale of the Bonds (the "Loan") to the Borrower pursuant to the terms and provisions of a financing agreement to be entered into by and between the Public Body and the Borrower (the "Financing Agreement"). The Financing Agreement will require the Borrower to use the proceeds of the Loan for the sole and exclusive purpose of financing the Acquisition by the Borrower of the Facility and the payment of the expenses of issuing the Bonds.

The Financing Agreement will require the Borrower to make payments (both principal and interest) sufficient to pay (a) the principal of and interest and redemption premium, if any, on the Bonds and (b) all expenses incurred by the Public Body 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. The Borrower agrees that all costs of acquiring the Facility in excess of the proceeds of the Loan will be paid by the Borrower. The Financing Agreement will contain such other provisions as may be required by law or as to which the Borrower, the Public Body, and the purchaser of the Bonds may agree, as are permitted by law.

Financial considerations have been a factor leading to the Borrower's decision to acquire the Facility, and that decision has been influenced materially by the availability of economic development revenue bond financing from the Public Body.

It is expressly understood and agreed that (a) the Public Body will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance or sale of the Bonds, the making of the Loan or the Acquisition of the Facility and (b) the Acquisition of the Facility will conform to the requirements of the Borrower. Accordingly, the Borrower shall (a) select, supervise and work with the suppliers and contractors that will provide, construct, and equip the Facility, (b) negotiate and approve all contracts, construction plans, drawings, specifications, and all financing arrangements in connection with the Acquisition of the Facility, and (c) pay all costs incurred by or on behalf of the Public Body in connection with the issuance, sale, delivery and administration of the Bonds, the making of the Loan, including the administration thereof, and in connection with the Acquisition of the Facility. The Borrower shall also pay all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing and acquisition, including (without limitation) the reasonable fees of bond counsel to the Public Body and compensation to any other person (other than full-time employees of the Public Body) or entity performing services by or on behalf of the Public Body in connection with the transactions contemplated by this letter of intent, whether or not the proposed financing and acquisition are consummated.

It is further understood and agreed to by the Borrower that the proposal contained herein is subject to (a) the approval of, and appropriate action by, the Council of the Public Body (the "Legislative Body") and (b) the approval of detailed provisions of all documents pertaining to the financing as yet to be developed. The acceptance of this letter by the Public Body shall be evidence of the bona fide present intent and commitment of the Public Body to authorize the issuance, sale and delivery described herein; provided, however, that the Borrower recognizes that:

(a) the Public Body can give no guaranty, 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 interest on the Bonds is to be paid, the time that the Bonds are to be executed, issued and delivered, the redemption provisions for the Bonds, the form, tenor and denominations of the Bonds, 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; and

(b) the Public Body can give no guaranty, 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 lawfully may be sold under, among others, applicable Federal and State securities and legal investment laws.

Prior to the issuance of the Bonds, the Legislative Body, in accordance with Section 14-104(d) of the Act, shall adopt a resolution specifying and generally describing the public purpose to be served, the financing or refinancing transaction to be accomplished, and the maximum principal amount of the Bonds actually to be issued and imposing any terms or conditions on the issuance and sale of the Bonds the Legislative Body deems appropriate.

Neither the Bonds, nor any interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the Public Body, within the meaning of any constitutional or charter provision or statutory limitation, and neither the Bonds nor any interest thereon shall ever constitute or give rise to any pecuniary liability of the Public Body. Moreover, nothing contained in this letter of intent shall be deemed to constitute an undertaking by the Public Body to expend any of its funds to effect any or all of the transactions contemplated by this letter of intent.

Very truly yours,

ST. MARY'S HOSPITAL OF
ST. MARY'S COUNTY

By: _____

ACCEPTED on behalf of The Commissioners of Leonardtown in accordance with the provisions of Resolution No. _____ adopted by the Council of The Commissioners of Leonardtown on September 10, 1990.

The Commssissioners
of Leonardtown

By: _____
J. Maguire Mattingly, Jr.
Mayor of The Commissioners
of Leonardtown

Schedule 1
to Letter of Intent

FACILITY DESCRIPTION

The Facility will be acquired by St. Mary's Hospital of St. Mary's County (the "Hospital"), a nonprofit corporation organized under the laws of the State of Maryland, and will consist of the acquisition of computer equipment for use by the Hospital, including (without limitation) computer displays and printers and implementing and operational computer software.