

RESOLUTION NO. 99-4
EFFECTIVE DATE: _____

A RESOLUTION concerning

LEONARDTOWN RECREATION, INC. AND THE RESORT AT BRETON BAY PROJECT

FOR the purpose of ratifying, confirming and approving the purposes and activities of Leonardtown Recreation, Inc. (the "Corporation"), a non-profit, non-stock corporation organized under the laws of the State of Maryland and an instrumentality of The Commissioners of Leonardtown (the "Town"); approving the Amended and Restated Articles of Incorporation and the Amended and Restated By-laws of the Corporation and authorizing the filing of the Amended and Restated Articles of Incorporation with the State Department of Assessments and Taxation; approving the issuance, sale and delivery by the Maryland Economic Development Corporation of two series of its senior revenue bonds and one series of its subordinate revenue bonds in an aggregate principal amount not to exceed Seventy-five Million Dollars (\$75,000,000) and for a maximum term not to exceed thirty-five (35) years pursuant to and in accordance with the authority of Article 83A, Section 5-201 through 5-216, inclusive, of the Annotated Code of Maryland, and the loan of the proceeds of such bonds to the Corporation for the purpose of financing a portion of the cost of the design, development, acquisition, construction, improvement, furnishing, equipping and operation of a public golf course and related facilities and amenities and a hotel and conference center with related facilities and amenities to be located on Maryland Route 5, southeast of Maryland Route 243 within the geographical boundaries of the Town, together with the acquisition of all necessary property rights and equipment and all related architectural, financial, legal, planning, design and engineering expenses (the "Project"); providing that the bonds and the interest thereon shall be payable solely from revenues received from or made available to the Corporation and shall not constitute an indebtedness or a charge against the general credit or taxing powers of the Town and shall not constitute or give rise to any pecuniary liability of the Town; providing that, except with regard to the general obligation bond anticipation note authorized by separate resolution of the Mayor and Council, the Town shall have no obligation to pay any costs related to the Project or the financing thereof; making certain legislative findings; authorizing and empowering officials, officers and employees of the Town to take any and all actions necessary or appropriate in connection with the issuance, sale and delivery of the bonds; and generally providing for and determining various matters and details in connection with the approval of the Corporation and the issuance and sale of such bonds.

RECITALS

Pursuant to Resolution No. 9-96, adopted by the Council of the Town on December 16, 1996 and approved by the Mayor on December 16, 1996 ("Resolution No. 9-96"), the Mayor and Council approved the purposes and activities of a corporation to be organized under the general non-profit law of the State of Maryland (the "State") to promote and facilitate recreational activities in the Town and to be named Leonardtown Recreation, Inc. (the "Corporation"). Pursuant to Resolution No. 9-96, the Mayor and Council approved the Articles of Incorporation and the By-laws of the Corporation and authorized the filing of the Articles of Incorporation. The Articles of Incorporation were filed with and accepted by the Maryland State Department of Assessments and Taxation on December 17, 1996.

Pursuant to Resolution No. 9-96, the Town approved the purposes and activities of the Corporation in order to facilitate the financing of the acquisition, construction and development of a public golf course and related facilities to be located on Maryland Route 5, southeast of Maryland Route 243 within the geographical boundaries of the Town (the "Original Project"), including an 18-hole golf course, a driving range and a clubhouse, all for use by the general public. The Mayor and Council found, pursuant to Resolution No. 9-96, that the Original Project would assist in promoting the health, recreation, welfare, enjoyment and enlightenment of the inhabitants of the Town, and that the financing thereof would assist in (i) relieving conditions of unemployment in the State and the Town, (ii) encouraging the increase of industry and commerce and a balanced economy in the State and the Town, (iii) retaining existing industry and commerce and attracting new industry and commerce in the State and the Town, (iv) promoting economic development in the State and the Town, and (v) generally promoting the health, recreation, welfare and safety of the residents of the State and the Town.

Resolution No. 9-96 provides that it was intended that the Maryland Economic Development Corporation, a body politic and corporate and a public instrumentality of the State ("MEDCO") organized and existing under the provisions of Article 83A, Sections 5-201 through 5-216, inclusive, of the Annotated Code of Maryland (the "MEDCO Act"), would issue one or more series of revenue bonds (collectively, the "Authorized Bonds") in accordance with the provisions of the MEDCO Act and lend the net proceeds thereof to the Corporation in order to finance all or a portion of the cost of acquiring, constructing, developing, improving, equipping and furnishing the Original Project, together with the acquisition of all necessary property rights and equipment and all related architectural, financial, legal, planning, design and engineering expenses.

Despite the recited intention that MEDCO serve as the issuer of the Authorized Bonds in order to finance Original Project costs, the Corporation was organized and formed such that certain obligations (within the meaning of the Internal Revenue Code of 1986, as amended [the "Code"]) issued by the Corporation would be issued on behalf of the Town in accordance with the requirements of Rev. Rul. 63-20, 1963-1 C.B. 24 ("Rev. Rul. 63-20") and Rev. Proc. 82-26, 1982-1 C.B. 426 ("Rev. Proc. 82-26"). As required by Rev. Proc. 82-26, Resolution No. 9-96 provides that the Corporation will engage in activities that are essentially public in nature, that it is not organized for profit except to the extent of retiring indebtedness, and that the corporate income of the Corporation will not inure to any private person. It has always been intended that the Corporation qualify as an instrumentality of the Town for purposes of Sections 103 and 115 of the Code. The Corporation was formed for public purposes and to lessen the burdens of government.

On August 11, 1997, the Council adopted and the Mayor approved Resolution No. 9-97 ("Resolution No. 9-97") in order to expand the scope of the Original Project to include the acquisition, construction, development, improvement, equipping and furnishing of a hotel and conference center and related improvements, facilities and amenities, together with the acquisition of necessary property rights and equipment and all related architectural, financial, legal, planning, design and engineering expenses (together with the Original Project, the "Project").

Before the scope of the Original Project was expanded pursuant to Resolution No. 9-97, it was intended that the Corporation be organized and operated in order to qualify as a entity recognized under Section 501(c)(3) of the Code. It has been determined that 501(c)(3) status is unnecessary to accomplish the exempt purposes of the Corporation.

The Project will be located on approximately 238.95 acres of land within the corporate boundaries of the Town (the "Project Site"). The Project Site consists of Parcels A through F

identified on the plat of subdivision for Tudor Hall Farm recorded among the Land Records of St. Mary's County, Maryland in Liber E.W.A. 49, Folio 15. The Project, together with the Project Site, is hereinafter referred to as the "Property". The Property will be open to the public and will serve the public purpose of (i) relieving conditions of unemployment in the State and the Town, (ii) encouraging the increase of industry and commerce and a balanced economy in the State and the Town, (iii) retaining existing industry and commerce and attracting new industry and commerce in the State and the Town, (iv) promoting economic development in the State and the Town, and (v) generally promoting the health, recreation, welfare and safety of the residents of the State and the Town.

The Property will be financed as follows: the State of Maryland (the "State"), acting through the Department of Natural Resources, will appropriate approximately \$2,500,000 in order to acquire the Project Site. The Maryland Economic Development Corporation, a body politic and corporate and a public instrumentality of the State ("MEDCO"), has agreed to issue two series of its senior revenue bonds, one tax-exempt and the other taxable, and a series of its subordinate revenue bonds (collectively, the "MEDCO Bonds"), in order to finance a portion of the costs of the Project, including the establishment of debt service reserve funds for the two series of senior revenue bonds, capitalized interest on the two series of senior revenue bonds, an operating reserve fund, start-up working capital and costs of issuance. The State, through the Department of Business and Economic Development ("DBED"), will provide to the Corporation a \$2,000,000 grant and a \$1,000,000 loan from the Maryland Industrial and Commercial Redevelopment Fund ("MICRF") to finance project costs. The \$1,000,000 MICRF loan will be evidenced by the subordinate revenue bond to be issued by MEDCO. The Town, pursuant to Resolution No. 99-3, adopted by the Council and approved by the Mayor on December 13, 1999 ("Resolution No. 99-3"), has agreed to issue a general obligation bond anticipation note in aggregate principal amount not to exceed \$3,250,000 in order to provide a \$3,000,000 contribution to the costs of the Project, to pay capitalized interest on the note and to pay costs of issuance of the note. The two series of senior revenue bonds will be underwritten by Ferris, Baker Watts, Incorporated and will be offered only to institutional investors.

It is anticipated that the two senior series of MEDCO Bonds will be issued in the approximate principal amounts of \$60,060,000 (Series A) and \$4,740,000 (Series B), respectively. It is anticipated that the Series A MEDCO Bonds will mature approximately 30 years from their date of issuance and that the Series B MEDCO Bonds will mature approximately 10 years from their date of issuance.

The State will transfer fee simple title to the Project Site to the Town. Certain areas of the Property have substantial historic, aesthetic, scenic and cultural character, and the Maryland Historical Trust, an instrumentality of the State ("MHT"), has required that the Town enter into a Deed of Easement with MHT in order to provide for the preservation and maintenance of such areas and the Property's historic, aesthetic, scenic and cultural character.

Pursuant to a Ground Lease, the Town will lease the Project Site to the Corporation for a term extending five years beyond the latest maturity of the MEDCO Bonds, subject to certain extension rights contained therein upon a default relating to the MEDCO Bonds, and subject to earlier termination upon the discharge of the MEDCO Bonds. MEDCO and the Corporation will enter into a Loan Agreement pursuant to which MEDCO will loan the proceeds of the MEDCO Bonds to the Corporation; pursuant to the Loan Agreement, the Corporation will execute and deliver certain notes to the Trustee (defined below) as the assignee of MEDCO in order to evidence its obligations to make payments with respect to the MEDCO Bonds. The MEDCO Bonds will be

issued pursuant to a Trust Indenture between MEDCO and Allfirst Trust Company, National Association, as trustee (the "Trustee").

In order to secure the Corporation's obligations under the Loan Agreement, it is anticipated that the Corporation will grant a Leasehold Deed of Trust on its leasehold interest in the Project Site and its fee simple interest in the improvements located thereon and a security interest in the personal property located thereon or therein to MEDCO and its assigns, including the Trustee, for the benefit of the holders of the MEDCO Bonds. In the event the Corporation grants a Leasehold Deed of Trust on the Project Site and the improvements and collateral located thereon or therein as described in the preceding sentence, the Ground Lease may contain certain limitations on the purchasers qualified to acquire the Corporation's interest in the Project Site and the Project at foreclosure sale. If a Leasehold Deed of Trust is placed upon the Project Site, then upon expiration or termination of the Ground Lease, the Town shall receive unencumbered fee simple title to the Project Site and all improvements located thereon, as well as all personal property of the Corporation located thereon or therein. In the event of a default under the Loan Agreement, the Trust Indenture or the Leasehold Deed of Trust, the Corporation (as determined by the Trustee and the MEDCO Bond holders) may lose the right to continue to occupy the Property for the remaining term of the Ground Lease.

The Ground Lease, the Loan Agreement and the Trust Indenture provide that the Town shall have the right to provide for the optional redemption and/or defeasance of all outstanding MEDCO Bonds and all outstanding Additional Bonds issued pursuant to the Trust Indenture as if it were the Corporation.

As a condition to its participation in the financing of the Property, the State has required that upon discharge of the MEDCO Bonds and any Additional Bonds issued pursuant to the Trust Indenture, MEDCO shall have the option to acquire a 50% undivided interest in (i) the Project Site and all improvements located thereon and (ii) all personal property of the Corporation located thereon or therein (the "Option").

Potential purchasers of the MEDCO Bonds have indicated that they want a fee simple deed of trust placed upon the Project Site and the improvements and collateral located thereon or therein in order to secure payment of the MEDCO Bonds. The placing of a fee simple deed of trust or similar instrument on the Project Site and the improvements and collateral located thereon or therein (a "Mortgage") would require the consent of the Town, MEDCO and the State. If the Project Site and the improvements and collateral located thereon or therein were to be sold at foreclosure sale pursuant to a Mortgage, neither the Town nor MEDCO (pursuant to the Option) would be entitled to receive any interest therein upon discharge of the MEDCO Bonds.

THE MEDCO BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE LIMITED OBLIGATIONS OF MEDCO GIVING RISE TO NO PECUNIARY LIABILITY OF MEDCO, SHALL BE SOLELY PAYABLE FROM THE TRUST ESTATE PROVIDED FOR IN THE TRUST INDENTURE, AND SHALL BE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF ONLY AGAINST THE TRUST ESTATE. NEITHER THE MEDCO BONDS NOR THE INTEREST THEREON NOR THE REDEMPTION PRICE THEREOF SHALL EVER (I) CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL FAITH OR CREDIT OR TAXING POWERS OF THE STATE, ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, INCLUDING THE TOWN, MEDCO OR ANY OTHER PUBLIC BODY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION (MEDCO HAS NO TAXING

POWER) OR (II) GIVE RISE TO ANY PECUNIARY LIABILITY OF THE STATE, ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, INCLUDING THE TOWN, OR ANY OTHER PUBLIC BODY (OTHER THAN MEDCO). THE PECUNIARY LIABILITY OF MEDCO FOR THE PRINCIPAL AND REDEMPTION PRICE OF AND INTEREST ON THE MEDCO BONDS IS LIMITED SOLELY TO THE TRUST ESTATE. THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE TOWN ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE MEDCO BONDS. THE OBLIGATIONS OF THE CORPORATION UNDER THE LOAN AGREEMENT ARE PAYABLE SOLELY FROM THE TRUST ESTATE. THE ISSUANCE OF THE MEDCO BONDS IS NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY AN OBLIGATION, MORAL OR OTHER, OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN, TO LEVY OR PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Under the Loan Agreement, the Corporation is required to retain a professional manager for the Property. Buena Vista Hospitality Group, Inc. has been selected as the initial manager of the Property. The Loan Agreement requires the Corporation to retain certain other professional consultants from time to time, including, without limitation, a Construction Manager and a Borrower's Project Representative (each as defined in the Trust Indenture). The Maryland Stadium Authority has been selected to serve as the Construction Manager and, it is anticipated, as the Borrower's Project Representative.

The issuance of the MEDCO Bonds and the implementation of the design, development, acquisition, construction, improvement, furnishing, equipping and operation of the Property is subject to the approval of the Town.

By the adoption of this Resolution, the Council desires to approve the financing plan for the Property, to ratify, confirm or clarify certain findings regarding the Corporation, to make certain determinations regarding the financing of the Property, to amend or supplement certain provisions of Resolution No. 9-96, and to approve the amended and restated Articles of Incorporation and By-laws of the Corporation.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE COMMISSIONERS OF LEONARDTOWN, THAT:

SECTION 1. The recitals to this Resolution are incorporated herein and deemed a substantive part of this Resolution.

SECTION 2. The Council approves of the purposes and activities of the Corporation as identified in the form of Amended and Restated Articles of Incorporation attached hereto as Exhibit A and the form of Amended and Restated By-laws attached hereto as Exhibit B. The Council hereby authorizes the filing of the Amended and Restated Articles of Incorporation with the State Department of Assessments and Taxation, in the form attached hereto as Exhibit A. The Council hereby approves the Amended and Restated By-laws, in substantially the form attached hereto as Exhibit B. The Articles of Incorporation and the By-laws of the Corporation may be further amended from time to time by the Corporation, without the consent of the Council, so long as such amendments are not inconsistent with this Resolution. Any material or substantive amendments to the Articles of Incorporation or the By-laws of the Corporation shall require the consent of the Council.

SECTION 3. The Council approves the issuance of the MEDCO Bonds by MEDCO in connection with the financing of the Project as described in the recitals to this Resolution, subject to compliance with the further provisions of this Section 3. The MEDCO Bonds shall be issued in an aggregate principal amount not to exceed Seventy-five Million Dollars (\$75,000,000) and for a maximum term not to exceed thirty-five (35) years. The Council approves the loan of the proceeds of the MEDCO Bonds to the Corporation in connection with the financing of the Project pursuant to the Loan Agreement to be entered into by and between MEDCO and the Corporation, and the activities relating to the financing of the Project and the Project Site as described in the recitals to this Resolution. The Corporation is hereby authorized and ordered to implement and carry out the financing, design, development, acquisition, construction, improvement, furnishing, equipping and operation of the Property, subject to the further provisions of this Resolution.

SECTION 4. The Council hereby finds and declares that for purposes of financing the Property as described in the recitals to this Resolution, the following provisions of Resolution No. 9-96 shall be deemed null and void and shall not be required to be complied with:

- (i) the fourth and fifth sentences of Section 1.2 of Resolution No. 9-96;
- (ii) the provisions of Section 1.3 of Resolution No. 9-96;
- (iii) the provisions of Section 1.4 of Resolution No. 9-96;
- (iv) the provisions of Section 1.5 of Resolution No. 9-96;
- (v) the provisions of Section 1.6 of Resolution No. 9-96;

- (vi) the provisions of Section 1.7 of Resolution No. 9-96; and
- (vii) the provisions of Section 1.8 of Resolution No. 9-96;

all of which provisions of Resolution No. 9-96 were adopted in order to comply with the provisions of Rev. Rul. 63-20 and Rev. Proc. 82-26, which are not relevant for purposes of the plan of financing of the Property as described in the recitals to this Resolution.

SECTION 5. It is hereby found and determined as follows:

(a) The Property is a public purpose facility that will assist in promoting the health, recreation, welfare, enjoyment and enlightenment of the inhabitants of the Town. The establishment of the Corporation to facilitate the design, development, acquisition, construction, improvement, furnishing, equipping and operation of the Project will lessen the burdens of the Town government.

(b) The Property and the financing thereof will assist in (a) relieving conditions of unemployment in the State and the Town; (b) encouraging the increase of industry and commerce and a balanced economy in the State and the Town; (c) retaining existing industry and commerce and attracting new industry and commerce in the State and the Town; (d) promoting economic development in the State and the Town; and (e) generally promoting the health, recreation, welfare and safety of the residents of the State and the Town.

(c) The principal of, premium, if any, and interest on the MEDCO Bonds shall be payable solely from the revenues received from the Corporation in connection with the financing of the Project, the operation of the Property or from any other moneys made available to the Corporation or the Trustee for such purpose. **NEITHER THE MEDCO BONDS OR THE INTEREST THEREON NOR THE LOAN OF THE PROCEEDS THEREOF TO THE CORPORATION SHALL EVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE TOWN WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND NEITHER SHALL CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE TOWN. THE OBLIGATIONS OF THE CORPORATION UNDER THE LOAN AGREEMENT ARE SOLELY PAYABLE FROM THE TRUST ESTATE PROVIDED FOR UNDER THE TRUST INDENTURE. THE ISSUANCE OF THE MEDCO BONDS IS NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY AN OBLIGATION, MORAL OR OTHER, OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN, TO LEVY OR PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.**

(d) Neither the proceeds of the MEDCO Bonds nor the payments of the principal of, premium, if any, or interest on the MEDCO Bonds will be commingled with the Town's funds or will be subject to the absolute control of the Town, and the Town shall retain only those rights as are deemed necessary or desirable by the Town to ensure that the proceeds of the MEDCO Bonds are used to accomplish the public purposes of this Resolution and to ensure that the Corporation qualifies as an instrumentality of the Town for purposes of Sections 103 and 115 of the Code.

SECTION 6. It is further hereby found and determined as follows:

(a) As provided in the Amended and Restated By-laws of the Corporation, the Council shall (i) approve the members of the Board of Directors of the Corporation, (ii) have the right to remove any director for cause, either directly or through judicial proceedings, and in such event, to appoint a successor, and (iii) approve the Chairman of the Board of Directors.

(b) The Corporation shall not implement or administer any program or project that has not been specifically authorized by the Council and the Corporation shall not engage in any business or activity except in connection with one or more programs or projects that have been approved and ordered implemented by the Council.

(c) No bonds, notes or other evidences of indebtedness shall be issued by the Corporation without the prior approval of the Council, and no bond, note or evidence of indebtedness issued by the Corporation shall be or represent an obligation of the Town, except to the extent the same, with the consent of the Council, is made expressly payable from funds to be paid by the Town pursuant to an agreement or contract executed by the Corporation and the Town for the purpose of accomplishing the public purposes of the Town.

(d) The Council reaffirms and states its intention that the Corporation be an instrumentality of the Town acting on behalf of the Town for purposes of Sections 103 and 115 of the Code, and all applicable rulings, regulations and procedures.

SECTION 7. The Corporation, on behalf of the Town, is hereby expressly delegated the right to finance or provide for the financing of, and to design, develop, acquire, construct, improve, furnish, equip and operate, the Property as described in the recitals to this Resolution and the further provisions of this Resolution, subject to the following:

(a) The Corporation is hereby delegated the right to provide for the design, development, construction, improvement, furnishing and equipping of the Property and to hire, approve and enter into agreements with all architects, construction contractors, engineers or other professionals and providers of improvements, furnishings and equipment in connection therewith.

(b) The Property shall be open to the public and shall be operated as a first class golf course and hotel and conference center facility.

(c) The Council shall have the right to approve the annual budget of the Corporation and any amendments thereto unless the Council shall have waived such right in writing with respect to any fiscal year of the Corporation.

(d) As described in the Preliminary Limited Offering Memorandum dated November 24, 1999 relating to the Series A MEDCO Bonds and the Series B MEDCO Bonds, as supplemented (the "PLOM"), the Trust Indenture provides for the establishment with the Trustee of the following funds: Construction Fund, Rebate Fund, Revenue Fund, Operating Fund, Senior Bonds Debt Service Fund, Senior Series A Debt Service Reserve Fund, Senior Series B Debt Service Reserve Fund, Renewal and Replacement Fund, Subordinate Bonds Debt Service Fund, Operating Reserve Fund and Surplus Fund, with certain accounts and subaccounts to be established therein. As provided by the Loan Agreement, the Corporation shall fix the rates, fees, charges and rentals for the Property in such amounts as are necessary to provide for all payments required by the Loan Agreement and the Trust Indenture. The receipts and revenues generated by the Property shall be collected, deposited, held and disbursed in accordance with the provisions of the Ground Lease, the Loan Agreement, the Trust Indenture and the Leasehold Deed of Trust. Except with

respect to any Additional Host Fees charged and collected in accordance with the Ground Lease (as defined therein), which shall be collected and paid over to the Town pursuant to the Ground Lease, all receipts and revenues generated by the Property shall be deposited with and held by the Trustee and the Corporation shall have no right to retain the same, provided that, the Corporation (with, as appropriate, the concurrence of the Construction Manager, the Manager or the Borrower's Project Representative, as provided by the Trust Indenture) is hereby authorized to requisition the payment of moneys from the funds, accounts and subaccounts held by the Trustee substantially as contemplated by the PLOM. The Council specifically acknowledges and agrees that amounts on deposit in the Surplus Fund established by the Trust Indenture in excess of the 1.50 Amount (as defined in the Trust Indenture), to the extent not needed to alleviate a deficiency in any fund, account or subaccount established under the Trust Indenture, shall be distributed to the Town and MEDCO in equal shares. Except to the extent used to retire the MEDCO Bonds and except to the extent used to pay reasonable compensation for services actually rendered to or for the Corporation (including, without limitation, compensation of the Issuer, the Trustee, the Construction Manager, the Manager and the Borrower's Project Representative, and the Rebate Monitor, the Independent Public Accountant, the Insurance Consultant and any Management Consultant or other counsel, consultant, advisor or professional provided for the Loan Agreement and the Trust Indenture, and counsel to the Corporation) no revenues or income of the Corporation shall be paid to any private person, entity or individual.

(e) The Corporation shall have an audit conducted of its financial statements annually by an independent certified public accountant and shall cause a copy of each such annual audit to be delivered to the Town.

(f) The Loan Agreement provides that the Corporation shall continuously employ a Manager to manage the Property on its behalf. The Loan Agreement further requires the Corporation to employ a Construction Manager and a Borrower's Project Representative to advise it with regard to the development and construction of, and the operation of, the Property, respectively. The Corporation is hereby delegated the authority to hire and supervise the Manager, the Construction Manager and the Borrower's Project Representative from time to time, provided that, the Corporation shall provide to the Town copies of any agreements entered into with such professionals and any amendments thereto from time to time. The Corporation is hereby further delegated the authority to hire and supervise the Rebate Monitor, the Independent Public Accountant, the Insurance Consultant and, if so required, the Management Consultant provided for in the Loan Agreement, and any other consultants, advisors, counsel or professionals provided for in the Ground Lease, the Loan Agreement, the Trust Indenture and the Leasehold Deed of Trust.

(g) The Corporation shall promptly pay over to the Town any moneys distributed to it by the Trustee upon discharge of the Trust Indenture.

(h) Upon discharge of the MEDCO Bonds under the Trust Indenture, the Town will obtain from the Corporation unencumbered fee simple title and exclusive use and possession of the Property (including the Project Site and all improvements and all personal property that belonged to the Corporation located therein or thereon). The Town's right to exclusive use and possession of the Property at such time shall be subject to the rights of MEDCO under the option agreement to be entered into with MEDCO (which shall be approved by a separate resolution of the Council).

(i) No Additional Bonds shall be issued under the Trust Indenture without the prior approval of the Council.

SECTION 8. Except as provided with regard to Resolution No. 99-3 relating to the general obligation bond anticipation note to be issued by the Town, the Town shall have no obligation to pay or cause to be paid and the Corporation shall pay or cause to be paid any costs and fees associated with the financing of the Property, including, without limitation, fees and expenses of bond counsel, underwriters, underwriters' counsel, trustee, trustee's counsel, financial advisors, feasibility consultants, appraisers, architects, engineers, and the manager and developer of the Property and their counsel.

SECTION 9. References to the Ground Lease, the Loan Agreement, the Trust Indenture and the Leasehold Deed of Trust in this Resolution are intended to be references to such documents, as summarized or otherwise described in the PLOM, and as provided in draft form to the Town Administrator on behalf of the Town, with such changes, additions, deletions and insertions thereto as are approved by the Corporation to the extent not inconsistent with the provisions of this Resolution. Notwithstanding the foregoing sentence, the Corporation is hereby expressly authorized to finalize, execute and deliver such documents and to agree to other provisions to be contained in such documents, including provisions that are inconsistent with the provisions of this Resolution (including, without limitation, to reflect the placing of a Mortgage on the Project Site and the improvements and collateral located thereon or therein), if such provisions are deemed necessary, in the opinion of the Corporation and with the advice of the underwriter of the two series of senior revenue bonds and bond counsel, in order to sell such bonds to institutional investors. The Council hereby expressly consents to the placing of a fee simple Mortgage upon the Project Site and the collateral located thereon or therein, provided that the Town (through passage of an ordinance), MEDCO and the State (acting through DBED or any other appropriate State department or agency) consent thereto and, if such consents are obtained, references in this Resolution to the Leasehold Deed of Trust shall be construed to mean such Mortgage, to the extent applicable. The Council further hereby expressly authorizes the Corporation to negotiate, approve, execute and deliver any additional documents not expressly named in this Resolution to carry out and effectuate the financing of the Property in accordance with the provisions of this Resolution, including, without limitation, a Bond Purchase Agreement with MEDCO and the underwriter of the Series A MEDCO Bonds and the Series B MEDCO Bonds, a Grant Agreement with MEDCO, an Assignment of Collateral Documents with MEDCO, and such additional documents, instruments and certificates as are deemed necessary or appropriate or as are customarily delivered in connection with similar transactions.

SECTION 10. Prior to the issuance, sale and delivery of the MEDCO Bonds, the Mayor, on behalf of the Town, and with the advice of the Town Administrator and bond counsel, by executive order or otherwise, is hereby authorized to specify, prescribe, determine, provide for or approve, negotiate, execute and deliver, as applicable, such other matters, details, forms, documents or procedures required of the Town as are necessary or appropriate in connection with the financing of the Property. Notwithstanding the foregoing, the execution and delivery of the Ground Lease by the Mayor on behalf of the Town shall constitute approval on behalf of the Town of the final principal amount of the MEDCO Bonds.

SECTION 11. The Mayor and the Town Administrator are each hereby designated an Authorized Officer of the Town for purposes of the Ground Lease, the Loan Agreement, the Trust Indenture and the Leasehold Deed of Trust and are hereby authorized to take any actions, to grant such approvals, and to make such decisions as are required for or provided for of an Authorized Officer of the Town under the provisions of such documents.

SECTION 12. In addition to the authority provided for in Section 10 of this Resolution, the Mayor, the Town Administrator, the Clerk-Treasurer and all other officials, officers and employees of the Town are hereby authorized and empowered to take any and all actions necessary or appropriate and to execute and deliver, as applicable, all customary closing documents, certificates or instruments deemed necessary or appropriate in connection with the issuance, sale and delivery of the MEDCO Bonds.

SECTION 13. The Town hereby ratifies, confirms and approves all actions taken to date by the Corporation in connection with the financing, design, development, acquisition, construction, improvement, furnishing and equipping of the Property.

SECTION 14. This Resolution is supplemental to the provisions of Resolution No. 9-96 and Resolution No. 9-97. To the extent the provisions of Resolution No. 9-96 or Resolution No. 9-97 are inconsistent with the provisions of this Resolution, the provisions of this Resolution shall be deemed to govern and control.

SECTION 15. This Resolution shall become effective immediately upon its adoption by the Council and its approval by the Mayor.

THE COMMISSIONERS OF LEONARDTOWN

(SEAL)

Ruth W. Proffitt
Ruth W. Proffitt, Vice-President

ATTEST:

Susan H. Erichsen
Susan H. Erichsen, Councilmember

Teresa A. Saulen
Teresa A. Saulen
Town Secretary

Charles R. Faunce
Charles R. Faunce, Councilmember

Walter R. Gillette
Walter R. Gillette, Councilmember

Walter Wise, Councilmember

Introduced: 12/17/99, ____

Adopted: 12/17/99, ____

Approved by the Mayor this 17th day of December 1999

J. Harry Norris, III
J. Harry Norris, III, Mayor

Effective: 12/17/99, ____

#31602.2;10007.004;12/17/99:04

EXHIBIT A

AMENDED AND RESTATED ARTICLES OF INCORPORATION

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
LEONARDTOWN RECREATION, INC.**

LEONARDTOWN RECREATION, INC., a Maryland non-stock, membership corporation having its principal office at P.O. Box 502, 42975 Belvidere Farm Road, Leonardtown, Maryland 20650 (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation that the Corporation desires, by these Amended and Restated Articles of Incorporation, to amend and restate its Articles of Incorporation to read as follows:

FIRST: The name of the Corporation (which, hereinafter, is referred to as the "Corporation") is:

LEONARDTOWN RECREATION, INC.

SECOND: The post office address of the principal office of the Corporation is P.O. Box 502, 42975 Belvidere Farm Road, Leonardtown, Maryland 20650. The Resident Agent of the Corporation, an individual actually residing in this State, is David M. Funk, whose post office address is 100 Light Street, Suite 1000, Baltimore, Maryland 21202.

THIRD: The Corporation is not organized for profit; it shall have no capital stock and shall have no authority to issue capital stock. Except as otherwise provided in this Article THIRD, the Corporation shall have one (1) member. Except as otherwise provided in this Article THIRD, the member of the Corporation shall be the individual who is from time to time serving as the duly elected and qualified Mayor of the Town of Leonardtown (the "Town"). In the event for any reason at any time there is no duly qualified and elected Mayor of the Town, the membership of the Corporation shall be increased to the then current number of the directors of the Corporation (as such number may be increased or decreased in accordance with the By-laws of the Corporation) and the directors of the Corporation shall be the members of the Corporation, until such time as there is a duly qualified and elected Mayor of the Town. The member or members shall have full voting power with respect to the Corporation's affairs to the extent permitted or required under Maryland law and shall elect the directors of the Corporation with the approval of the Council of the Town, as provided in the Corporation's By-laws.

FOURTH: The Corporation is organized exclusively for non-profit and public purposes. The activities to be carried on and promoted by the Corporation are to relieve the burden of government in providing and promoting recreational facilities and related and supporting facilities and activities for the residents of the Town and other persons in the Town. Such recreational facilities shall include golf courses, parks, recreation centers, playgrounds, marinas, waterfront areas and any other facility deemed by the directors of the Corporation to provide recreation to the residents of the Town and other persons in the Town. All of such recreational facilities shall be open to the public. Such recreational facilities may be enhanced by such supporting and related facilities as the directors of the Corporation shall deem to be

appropriate, including, without limitation, any hotel and/or conference center and related amenities developed in conjunction with any recreational facility in order to promote economic development in the Town and to promote such recreational facility. Any such supporting and related facilities shall be open to the public.

In furtherance of its purposes, the Corporation shall have the power to acquire, establish, maintain, operate and improve recreational facilities; to acquire, establish, maintain, operate and improve supporting and related facilities; to do any and all things and acts necessary to improve recreational facilities and supporting and related facilities; to hire personnel of any and all kinds to work at and manage recreational facilities and supporting and related facilities; to purchase, acquire, lease as lessor or lessee, mortgage, sell, and trade in any and all types of real and personal property necessary and convenient for recreational facilities and supporting and related facilities; to enter into and perform contracts for the accomplishment of the aforesaid purposes; to borrow funds for the accomplishment of the aforesaid purposes; to engage in and raise funds for the Corporation by means of fund-raising and solicitations of funds, contributions, grants and donations from any and all individuals and associations; to accept grants from any governmental agency; to do any and all things necessary or appropriate to such activities; and, without limitation by the foregoing, to be vested with and exercise all of the powers conferred upon corporations by the Public General Laws of Maryland, including the powers set forth in Section 2-103 of the Corporations and Associations Article of the Annotated Code of Maryland, and any amendments made thereto from time to time.

Notwithstanding the foregoing, the Corporation shall not implement or administer any program or project that has not been specifically authorized by the Council of the Town, and the Corporation shall not engage in any business or activity except in connection with one or more programs or projects approved and ordered implemented by the Council.

FIFTH: Except as otherwise provided in these Articles, the Corporation shall have all of the powers granted or permitted to non-stock corporations under applicable provisions of the Annotated Code of Maryland for the purposes set forth herein, but only to the extent the exercise of such powers are in furtherance of exempt purposes. The Corporation shall not have the power to engage in any activities, except to an insubstantial degree, that are not in furtherance of the purposes set forth above. The Corporation is a non-profit community service corporation that is authorized to collect charges or assessments.

The Corporation shall have no power to take any action that would be inconsistent with the requirements for status as an instrumentality of the Town under Sections 103 and 115 of the Internal Revenue Code of 1986, as amended, and related regulations, rulings and procedures. The Corporation shall have no power to take any action that would be inconsistent with the requirements for receiving tax deductible charitable contributions under Internal Revenue Code Section 170(c) and related regulations, rulings and procedures. Regardless of any other provisions of these Articles of Incorporation or state law, the Corporation shall have no power to:

1. Engage in activities or use its assets in any manner not in furtherance of one or more exempt purposes, as set forth in and defined by, Internal Revenue Code Sections 103 and 115 and related regulations, rulings, and procedures, except to an insubstantial degree.

2. Serve a private interest other than one that is clearly incidental to an overriding public interest.

3. Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise, except as provided by the Internal Revenue Code and related regulations, rulings, and procedures.

4. Directly or indirectly participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. The prohibited activities include the publishing or distributing of statements and any other direct or indirect campaign activities.

5. Have objectives and engage in activities that characterize it as an "action organization" as that term is defined by the Internal Revenue Code, and related regulations, rulings, and procedures.

6. Distribute its assets on dissolution other than for one or more purposes as authorized by Internal Revenue Code Sections 103 and 115 and related regulations, rulings and procedures; on dissolution, the Corporation's assets shall be distributed to the Town.

7. Permit any part of the net earnings of the Corporation to inure to the benefit of any member, director or officer of the Corporation or any private person, entity or individual.

8. Carry on an unrelated trade or business except as a secondary purpose related to the Corporation's primary exempt purposes.

SIXTH: The Corporation shall not pay dividends or other corporate income to any member, directors or officers, or any private person, entity or individual, other than reasonable compensation for services actually rendered to or for the Corporation and other than distributions and contributions to the Town and/or the State of Maryland, any Maryland political subdivision or municipal corporation, or any instrumentality of any of the foregoing, and shall not permit the realization of private gain.

SEVENTH: (1) The affairs of the Corporation shall be managed under the direction of a Board of Directors which shall exercise all corporate powers except as conferred on or reserved to the member or members of the Corporation by law or the By-laws of the Corporation.

(2) The Board of Directors shall consist of such numbers of persons as may be provided from time to time by the By-laws but not less than five (5) persons. One (1) director may be a duly elected member of the Council of the Town. A majority of the Board of Directors shall be residents or owners (either personally or by holding an interest in an incorporated or unincorporated entity that is an owner) of real property located within the corporate limits of the

Town. The directors shall serve for such terms and have such additional qualifications as may be set forth in the By-laws of the Corporation.

EIGHTH: Currently there is one vacancy on the Board of Directors. The names of the directors currently serving, who will serve until their successors are duly elected and qualified, are as follows: Douglas B. Ahearn, Frank C. Bell, Daniel W. Burris, Sharon L. Cox, Thomas A. Harmon and J. Harry Norris, III.

NINTH: Upon liquidation, dissolution or winding up of the Corporation in any manner or for any reason whatsoever, the assets of the Corporation then remaining in the hands of the Corporation, after paying or making provision for all of the liabilities of the Corporation, shall be distributed, transferred, conveyed, delivered and paid over to the Town. No member, director or officer of the Corporation, or any private person, entity or individual, shall be entitled to share in the distribution of any of the corporate assets of the Corporation upon dissolution.

TENTH: (1) No director, or officer who also serves as a director of the Corporation, shall be liable to the Corporation, any member or the Town for money damages except under the circumstances, as provided by Maryland law, in which this limitation on liability shall not apply.

(2) To the maximum extent permitted by Maryland law, the Corporation shall indemnify its currently acting and its former directors against any and all liabilities and expenses (including reasonable attorneys' fees) incurred in connection with their services as either a director, an officer, or an employee. The Corporation shall advance expenses to such directors to the extent permitted by Maryland law. This indemnification provision shall not apply to liabilities or expenses arising out of a director's own gross negligence, fraud or willful misconduct.

(3) To the maximum extent permitted by Maryland law, the Corporation may indemnify (a) its currently acting and its former officers, employees, and agents, who are not also directors, and (b) persons who serve and have served, at the Corporation's request, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture or other enterprise, against any and all liabilities and expenses (including reasonable attorneys' fees) incurred in connection with their services in such capacities. The Corporation may advance expenses to such officers, employees, agents and other persons referred to in this paragraph to the extent permitted by Maryland law.

(4) The directors of the Corporation may consult with legal counsel, certified public accountants, insurance advisors, or other professionals in the performance of their duties and, to the maximum extent permitted by Maryland law, may rely upon any information, opinion, report, or statement, including any financial statements or other financial data, prepared or presented by such persons and shall be fully protected with respect to any action taken by them or omitted by them pursuant to the advice of such persons.

(5) References to Maryland law shall include, but are not limited to, the Maryland General Corporation law, as amended from time to time. Neither the repeal nor amendment of

this Article Eleventh, nor any other amendment of these Articles of Incorporation, shall eliminate or reduce the protection afforded to any person by the foregoing provisions of this Article Eleventh with respect to any act or omission which shall have occurred prior to such repeal or amendment.

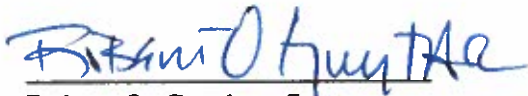
ELEVENTH: All references in these Articles of Incorporation to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

IN WITNESS WHEREOF, Leonardtown Recreation, Inc. has caused these Amended and Restated Articles of Incorporation to be executed by its President and attested by its Secretary this 17 day of DECEMBER, 1999. By a duly adopted resolution of the Board of Directors of the Corporation, the Board of Directors of the Corporation duly advised the foregoing amendment and restatement of the Articles of Incorporation of the Corporation, and by a duly adopted resolution of the sole member of the Corporation, the sole member of the Corporation duly approved said amendment and restatement of the Articles of Incorporation of the Corporation, and by a duly adopted resolution of the Town Council, the Town Council duly approved said amendment and restatement of the Articles of Incorporation of the Corporation. The provisions set forth in these Amended and Restated Articles of Incorporation are all the provisions of the charter currently in effect.

LEONARDTOWN RECREATION, INC.

By: _____
Daniel W. Burris, President

ATTEST:


Robert O. Guyther, Secretary

OFFICER'S CERTIFICATE

I, Daniel W. Burris, the President of Leonardtown Recreation, Inc., hereby acknowledge on behalf of Leonardtown Recreation, Inc. under penalty of perjury that the foregoing Amended and Restated Articles of Incorporation are the corporate act of Leonardtown Recreation, Inc.

LEONARDTOWN RECREATION, INC.

By: _____
Daniel W. Burris
President

Dated: 12/17/99 _____

#30258.5;10007.004;12/16/99:01

EXHIBIT B

AMENDED AND RESTATED BY-LAWS

LEONARDTOWN RECREATION, INC.
AMENDED AND RESTATED BY-LAWS

ARTICLE I

Members

SECTION 1. Membership. Except as otherwise provided in the Articles of Incorporation and the By-laws, the member of the Corporation shall be the individual who is from time to time serving as the duly qualified and elected Mayor of the Town of Leonardtown (the "Town"). In the event for any reason at any time there is no duly qualified and elected Mayor of the Town, the membership of the Corporation shall be increased to the then current number of the directors of the Corporation (as such number may be increased or decreased in accordance with these By-laws), and the directors of the Corporation shall be the members of the Corporation, until such time as there is a duly qualified and elected Mayor of the Town.

SECTION 2. Annual Meeting. The annual meeting of the members of the Corporation shall be held on a day duly designated by the Board of Directors in December if not a legal holiday, and if a legal holiday then the next succeeding day not a legal holiday, for the purpose of electing directors to succeed those whose terms shall have expired as of the date of such annual meeting, and for the transaction of such other business of the Corporation as may come before the meeting.

SECTION 3. Special Meetings. Special meetings of the members of the Corporation shall be called at any time for any purpose or purposes by the Chairman of the Board upon the request in writing of any member. Such request shall state the purpose or purposes of the meeting.

SECTION 4. Place of Holding Meetings. All meetings of the members of the Corporation shall be held at the principal office of the Corporation or elsewhere within or without the State of Maryland as designated by the Board of Directors.

SECTION 5. Notice of Meetings. Written notice of each meeting of the members of the Corporation shall be mailed, postage prepaid, sent by facsimile transmission, or hand delivered by the Secretary, to each member at his or her post office address, as it appears upon the books of the Corporation, at least ten (10) days before the meeting. Each such notice shall state the place, day, and hour at which the meeting is to be held and, in the case of any special meeting, shall state briefly the purpose or purposes thereof.

SECTION 6. Conduct of Meeting. Meetings of the members of the Corporation shall be presided over by the Chairman of the Board or, if he or she is not present, by a chairman to be elected at the meeting. The Secretary of the Corporation, or if he or she is not present, any Assistant Secretary, shall act as secretary of such meetings. In the absence of the Secretary and

any Assistant Secretary, the presiding officer shall appoint a person to act as secretary of the meeting.

SECTION 7. Voting. At all meetings of the members of the Corporation each member shall have one vote. Votes may either be cast in person or by proxy appointed by an instrument in writing subscribed by such member or his or her duly authorized attorney (who shall be a member of the Board of Directors), bearing a date not more than three (3) months prior to said meeting, unless said instrument provides for a longer period. Such proxy shall be dated and witnessed, but need not be sealed or acknowledged. All elections shall be had and all questions shall be decided by the votes cast at a duly constituted meeting, except as otherwise provided by law, in the Articles of Incorporation or by these By-laws.

ARTICLE II

Board of Directors

SECTION 1. Number and Term of Office; Removal; Chairman; Appointment of Successors. The Corporation shall have seven (7) directors or such greater or fewer number as the members of the Town Council may approve; provided that, there shall not be fewer than five (5) directors. The Board of Directors shall be elected by the members with the approval of the Town Council. One (1) director may be a duly elected member of the Council of the Town. A majority of the Board of Directors shall be residents or owners (either personally or by holding an interest in an incorporated or unincorporated entity that is an owner) of real property located within the corporate limits of the Town. The Board of Directors shall be divided into three classes, with the membership of each class approximating one-third (1/3) of the total membership of the Board of Directors. The initial term of one class shall be one year. The initial term of a second class shall be two years. The initial term of a third class shall be three years. All subsequent terms of each director shall be three years or such shorter period as may be necessary to cause the term of each director to end on an anniversary of the end of the initial term for such class which is an integral multiple of three. Each director shall serve until his or her successor shall be duly elected and qualified. Directors may serve successive terms.

Any director may be removed for cause, either directly or through judicial proceedings, by the Council of the Town; and, in such event, the Council of the Town shall appoint a successor.

The Chairman of the Board of Directors shall be a member of the Board and shall be appointed by the members of the Corporation with the approval of the Council of the Town. Except as provided in the preceding paragraph with regard to the removal of a director for cause, in the case of any vacancy in the Board of Directors through death, resignation, disqualification, removal, expiration of term or other cause, the members of the Corporation, with the approval of the Council of the Town, shall appoint a successor to fill such vacancy.

SECTION 2. Powers. The business and property of the Corporation shall be conducted and managed under the direction of its Board of Directors, which may exercise any and all

powers of the Corporation except as such powers may be limited by the laws of the United States of America or the State of Maryland or by the purposes for which the Corporation is organized under the Articles of Incorporation or these By-laws. The Board of Directors shall keep full and fair accounts of its transactions. The Board of Directors may delegate its powers, to the extent permitted by law, to such officers and committees as it may designate.

SECTION 3. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as, from time to time, shall be determined by resolution of the Board of Directors; provided, however, that notice of such meetings shall be mailed, sent by facsimile transmission, or hand delivered to each director at least five (5) days before such meeting. Any business may be transacted at any regular meeting of the Board of Directors.

SECTION 4. Special Meetings. Special meetings may be called at any time by the Chairman of the Board of Directors, to be convened at such place within or without the State of Maryland as may be designated from time to time by the Board of Directors, or, in the absence of such designation, as may be designated in the call.

Notice of the place, day and hour of every special meeting shall be given to each director five (5) days or more before the meeting, by either delivering or sending by facsimile transmission the same to him or her personally at his or her residence or usual place of business, or in the alternative, by mailing such notice seven (7) days or more before the meeting, postage prepaid, addressed to him or her at his or her address as it appears upon the records of the Corporation. Such notice may be waived by any director. Such notice need not state the business to be transacted at the meeting. No notice of any meeting of the Board of Directors need be given to any director who attends, or to any director who, in writing executed and filed with the records of the special meeting, either before or after the holding thereof, waived such notice.

SECTION 5. Emergency Meetings. Under circumstances deemed by the Chairman of the Board of Directors to constitute an emergency, the Chairman may call an emergency meeting, upon at least twenty-four (24) hours' notice, to be convened at such place and time as may be designated in the call.

SECTION 6. Place of Meetings. The Board of Directors may hold their meetings within or outside the State of Maryland, at such place or places as they may from time to time determine by duly authorized resolution. The Board of Directors may hold their meetings by conference telephone or other similar electronic communications equipment in accordance with the provisions of the Maryland General Corporation Law.

SECTION 7. Quorum and Action. A majority of the whole number of directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors, but, if at any meeting less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the directors present at any meeting at which

there is a quorum shall be the act of the Board of Directors, except as may otherwise be specifically provided by law or by the Articles of Incorporation or by these By-laws.

SECTION 8. Organization of Meetings. At each meeting of the Board of Directors, the Chairman, or in his absence, the Vice-Chairman, or a chairman chosen by a majority of the Directors present, shall act as Chairman, and the Secretary of the Corporation, or, if the Secretary not be present, any person whom the Chairman of the meeting shall appoint, shall act as Secretary of the meeting.

SECTION 9. Compensation of Directors. Directors shall not receive any stated salary for their services as such, but each director shall be entitled to receive from the Corporation reimbursement of the expenses incurred by him or her in attending any regular or special or emergency meeting of the Board of Directors, and such reimbursement shall be payable whether or not a meeting is adjourned because of the absence of a quorum. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 10. Annual Meeting. The annual meeting of the Board of Directors shall be held on the third Tuesday in December or on any other day in December duly designated by the Board of Directors, for the purpose of electing officers, and for the transaction of such other business of the Corporation as may come before the meeting.

ARTICLE III

Officers

SECTION 1. Officers. The officers of the Corporation shall consist of a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President, a Secretary, a Treasurer, and an Executive Director, and such other officers and assistant officers as may be deemed necessary by the Board of Directors; the Chairman of the Board of Directors shall be a member of the Board and shall be appointed by the members of the Corporation with the approval of the Council of the Town. Any two or more of such offices, except those of Chairman, Vice Chairman, and Executive Director, may be held by the same person. Except for the Chairman and the Executive Director, the officers shall be elected at the annual meeting of the Board of Directors and shall hold their respective offices until their successors are elected and qualify. The individual serving from time to time as the Town Administrator of the Town shall serve as the Executive Director of the Corporation. Any vacancy in any office of the Corporation, other than the office of Chairman of the Board of Directors or of Executive Director, may be filled by the Board of Directors at any regular meeting or at any special meeting called for that purpose; provided that, if there is a vacancy in the office of Chairman of the Board of Directors and a new Chairman has not been appointed as provided in the first sentence of this paragraph, the Board of Directors may fill such vacancy until such time as a new Chairman is appointed as provided in the first sentence of this paragraph.

SECTION 2. Powers and Duties of the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and the Executive Committee, if established, and shall be responsible for the execution of the general management of the affairs of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall be a member *ex officio* of all the committees of the Corporation, and shall have the power and authority to perform all other duties usually incident to such office.

The Chairman shall be the Chief Executive Officer of the Corporation and shall have responsibility for the implementation of the policies of the Corporation, as determined by the Board of Directors, and for the administration of the business affairs of the Corporation. He or she may execute in the corporate name all authorized deeds, mortgages, bonds, contracts or other instruments or obligations on behalf of the Corporation. He or she shall have such other powers and duties as may be given to him or her by the Board of Directors.

SECTION 3. Vice Chairman. The Vice Chairman shall have such powers and shall perform such duties as may be assigned to the Vice Chairman by the Board or the Chairman. In the absence or disability of the Chairman, the duties of that office shall be performed by the Vice Chairman, and the taking of any action by the Vice Chairman shall be conclusive evidence of the absence or disability of the Chairman. Upon removal or resignation of the director serving as Chairman, the Vice Chairman shall succeed to the office of Chairman and shall serve until his successor is appointed.

SECTION 3A. President. The President shall in general supervise and control all of the business and affairs of the Corporation. Unless the President is not a member of the Board of Directors, in the absence of both the Chairman and the Vice Chairman, he or she shall preside at all meetings of the Board of Directors and of the members at which he shall be present. He or she may execute in the corporate name all authorized deeds, mortgages, bonds, contracts or other instruments or obligations on behalf of the Corporation. He or she in general shall perform all duties incident to the office of President and such other powers and duties as may be given to him or her by the Board of Directors.

SECTION 4. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and all other notices required by law or by these By-laws, and in case of his or her absence or refusal or neglect to do so, any such notice may be given by any person thereunto directed by the Chairman, or by the Board of Directors or the member, upon whose written request the meeting is called, as provided in these By-laws. The Secretary shall record all the proceedings of the meetings of the Corporation and of the directors in books provided for that purpose. He or she shall have custody of the seal of the Corporation and, when authorized by the Board of Directors or the Chairman, shall affix the same to all instruments requiring it and attest the same. The Secretary shall perform all the duties generally incident to the office of Secretary, subject to the control of the Board of Directors and the Chairman.

SECTION 5. Treasurer. The Treasurer shall have custody of the corporate funds, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the

Corporation. He or she shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as ordered by the Board of Directors, taking proper vouchers for such disbursements. He or she shall render to the Chairman and the Board of Directors an account of all his or her transactions as Treasurer and the financial condition of the Corporation whenever called upon to do so. He or she shall give the Corporation a bond, if requested by the Board of Directors, in such form and penalty and with such surety or security as the Board of Directors may prescribe for the faithful performance of the duties of his or her office and for the restoration to the Corporation in case of his or her death, resignation, retirement or removal from office of all books, papers, vouchers, moneys, and other properties of whatever kind in his or her possession or under his or her control belonging to the Corporation. The Treasurer shall perform all the duties generally incident to the office of the Treasurer, subject to the control of the Board of Directors and the Chairman.

SECTION 6. Executive Director. The Executive Director shall have authority to implement the policies and procedures established by the Board of Directors. Except as permitted by the Board of Directors, neither the Executive Director nor any member of the Executive Director's immediate family shall be employed by or have a financial interest in any private, for-profit firm providing services to the Corporation.

The Executive Director, or his designee, shall oversee and direct the activities of all independent contractors engaged by the Corporation except for the Auditor and the General Counsel (if one is engaged by the Board of Directors) who shall be responsible directly to the Board of Directors. The Executive Director shall: employ such professional and administrative staff as may be approved in the Corporation's budget and necessary to conduct the daily operations of the Corporation; work with the Corporation's financial advisors and provide to the financial advisors information and statistical data as needed; review all financial transactions of the Corporation to determine that all moneys are being handled in a proper manner and in accordance with the provisions of the Corporation's Articles of Incorporation and these By-laws; supervise all employees of the Corporation and be responsible for making and implementing all personnel decisions consistent with any personnel regulations adopted by the Board of Directors and notify the Chairman of the Board of Directors prior to the employment or dismissal of any individual; and otherwise conduct and actively manage the day to day activities, including clerical operations, of the Corporation and perform such other functions as the Board of Directors may from time to time request.

Except as otherwise provided by a resolution of the Board of Directors, the Executive Director may negotiate and accept any contract on behalf of the Corporation if the amount of such contract is less than \$10,000 and within the budget approved by the Board of Directors. Except as otherwise provided in these By-laws or by resolution of the Board of Directors, the Executive Director shall sign and execute in the name of the Corporation all contracts, agreements or other documents, as authorized by the Board of Directors, which are necessary or appropriate for the proper administration and operation of the Corporation.

SECTION 7. Powers, Authority and Duties of Officers Generally. Officers of the Corporation shall have, in addition to those specified or provided for in the other sections of this Article III, the powers and authority conferred and the duties prescribed by law.

ARTICLE IV

Amendments

SECTION 1. Authority to Amend. These By-laws may be amended or repealed at any time by the Board of Directors with the approval of the members; provided that, any material or substantive amendments to these By-laws shall also require the consent of the Town Council.

ARTICLE V

Committees

SECTION 1. Executive Committee. There may be an Executive Committee consisting of the Chairman of the Board of Directors, and two (2) other directors appointed by the Chairman. If an Executive Committee is established, the Chairman of the Board of Directors shall serve as Chairman of the Executive Committee. All members of the Executive Committee shall serve for a term of one (1) year and until their successors are duly appointed and qualified, and may serve successive terms. The Executive Committee shall be responsible to the Board of Directors and shall have full power to the extent permitted by law to act between meetings of the Board of Directors. It shall report its actions and refer matters of policy to the Board of Directors. Meetings of the Executive Committee shall be held at such times as may be determined by it. A majority of the members of the Executive Committee shall constitute a quorum. An affirmative vote of the majority of those present shall be required for the passage of any resolution.

SECTION 2. Standing or Special Committees. The Board of Directors may establish such standing committees or special committees as it may determine to be necessary or advisable for the operation of the Corporation. The members of such committees shall be appointed by the Chairman of the Board of Directors.

SECTION 3. Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum; and the act of the majority of the whole committee present shall be the act of the committee.

ARTICLE VI

Corporate Seal

SECTION 1. Seal. In the event that the Chairman shall direct the Secretary to obtain a corporate seal, the corporate seal shall be circular in form and shall have inscribed thereon the name of the Corporation, the year of its organization and the word "Maryland". Duplicate copies

of the corporate seal may be provided for use in the different offices of the Corporation but each copy thereof shall be in the custody of the Secretary of the Corporation or of an Assistant Secretary of the Corporation nominated by the Secretary.

ARTICLE VII

Bank Accounts and Loans

SECTION 1. Bank Accounts. Such officers or agents of the Corporation as from time to time shall be designated by the Board of Directors shall have authority to deposit any funds of the Corporation in such banks or trust companies as shall from time to time be designated by the Board of Directors, and such officers or agents as from time to time shall be authorized by the Board of Directors may withdraw any or all of the funds of the Corporation so deposited in any such bank or trust company, upon checks, drafts or other instruments or orders for the payment of money, drawn against the account or in the name or on behalf of the Corporation, and made or signed by such officers or agents. There shall from time to time be certified to the banks or trust companies in which funds of the Corporation are deposited, the signatures of the officers or agents of the Corporation so authorized to draw against the same.

SECTION 2. Loans. Such officers or agents of the Corporation as from time to time shall be designated by the Board of Directors shall have authority to effect loans, advances or other forms of credit at any time or times for the Corporation from such banks, trust companies, institutions, corporations, firms, or persons as the Board of Directors shall from time to time designate, and as security for the repayment of such loans, advances, or other forms of credit to assign, transfer, endorse, and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights, and interests of any kind in or to stocks or bonds, certificates, or such rights or interests, deposits, accounts, documents covering merchandise, bills, and accounts receivable and other commercial paper and evidences of debt at any time held by the Corporation. For such loans, advances, or other forms of credit, such officers or agents of the Corporation as from time to time shall be designated by the Board of Directors shall have authority to make, execute and deliver one or more notes, acceptances or written obligations of the Corporation on such terms, and with such provisions as to the security or sale or disposition thereof as such officers or agents shall deem proper; and also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the Corporation, and to that end to endorse, transfer, and deliver the same.

There shall from time to time be certified to each bank, trust company, institution, corporation, firm or person so designated the signatures of the officers or agents so authorized, and each such bank, trust company, institution, corporation, firm or person is authorized to rely upon such certification until written notice of the revocation of the Board of Directors of the authority of such officers or agents shall be delivered to such bank, trust company, institution, corporation, firm or person.

ARTICLE VIII

Tax-Exempt Status

SECTION 1. Tax-Exempt Status. The affairs of the Corporation at all times shall be conducted in such a manner as to assure its continued qualification as an instrumentality of the Town within the meaning of Sections 103 and 115 of the Internal Revenue Code of 1986, as amended, and related rulings, regulations and procedures.

ARTICLE IX

Miscellaneous

SECTION 1. Contracts. All contracts, agreements, checks, drafts, notes, bonds, bills of exchange and orders for the payment of money, involving obligations in an amount of Ten Thousand Dollars (\$10,000) or less, shall, unless otherwise required by law, or permitted by these By-laws, be signed by the Chairman or Executive Director, either alone or with the signature of such other officer or officers as the Board of Directors may from time to time designate. All contracts and agreements and all checks, drafts, notes, bonds, bills of exchange and orders for the payment of money, involving obligations in an amount greater than Ten Thousand Dollars (\$10,000), shall, unless otherwise required by law, or permitted by these By-laws, be signed by both the Chairman and the Executive Director. In connection with any particular approved project or program, the Board of Directors, by resolution, may designate signing authority relating to any contracts, agreements, checks, drafts, notes, bonds, bills or exchange and orders for the payment of money, to one or more authorized representatives of the Corporation.

SECTION 2. Books and Records. Correct and complete books and records of accounts and transactions and minutes of the proceedings of the meetings of the Board of Directors shall be kept by the Corporation. The Chairman of the Corporation shall cause to be prepared annually a full and correct statement of the affairs of the Corporation for the preceding fiscal year. The statement of the affairs of the Corporation shall be submitted to each member of the Corporation and to the Board of Directors within one hundred twenty (120) days after the close of the fiscal year, and shall be filed within twenty (20) days thereafter with the Secretary of the Corporation. The provisions of this Section shall become effective with regard to the first fiscal year in which the Corporation receives revenues and pays expenses. In connection with any approved project or program undertaken by the Corporation, the Corporation may provide for any particular form of statement of its financial affairs.

SECTION 3. Fiscal Year. The fiscal year of the Corporation shall end June 30, unless otherwise provided by resolution of the Board of Directors.

SECTION 4. Directors' and Officers' Liability Insurance. The officers of the corporation shall obtain and maintain directors' and officers' liability (errors and omissions) insurance coverage for all directors and officers of the Corporation in such amounts and from

such insurer or insurers as may be determined from time to time by the directors of the Corporation.

If (i) the Corporation (a) terminates directors' and officers' liability (errors and omissions) insurance coverage for its directors and officers or (b) reduces the amount of such coverage or (c) purchases such coverage from a different insurer and (ii) the coverage being terminated, reduced or replaced is on a claims-made form, the Corporation shall purchase an extended reporting period endorsement applicable to the coverage being terminated, reduced or replaced so as to provide all directors covered by the coverage being terminated, reduced or replaced the same protection (or if the same protection is not available, the maximum protection that is available) as though the coverage had not been terminated, reduced or replaced. Notwithstanding anything to the contrary in Article IV, the foregoing provision may not be amended without the prior written consent of all directors, current and former, affected by the provision.

SECTION 5. Subject to Town Requirements. The conducting of the organization, affairs, operation, projects and programs of the Corporation shall be subject to such additional requirements as are imposed or approved by the Town Council by ordinance, resolution or otherwise.

SECTION 6. Relation to Articles of Incorporation. These By-laws are subject to, and governed by, the Articles of Incorporation.

The foregoing Amended and Restated By-laws of Leonardtown Recreation, Inc. were duly adopted by the Board of Directors of the Corporation on 12/17/59, and were duly approved by the member of the Corporation on 12/17, 1999 and are effective as of 12/17/59, the later of the date on which the same were approved by the member of the Corporation or by the Town Council. Such Amended and Restated By-laws of the Corporation are certified as constituting the By-laws of the Corporation.



Secretary (SEAL)