

Resolution No.: 17-29
Introduced: December 5, 2017
Adopted: December 5, 2017

**COUNTY COUNCIL
FOR FREDERICK COUNTY, MARYLAND**

By County Council

SUBJECT: Authorizing and empowering Frederick County, Maryland (the "County") to issue, sell and deliver, at any one time or from time to time, its revenue bonds in one or more series and in an original aggregate principal amount not to exceed \$68,000,000, pursuant to the provisions of Subtitle 1 of Title 12 of the Economic Development Article of the Annotated Code of Maryland, as amended, in order to loan the proceeds thereof to Mount St. Mary's University, a nonprofit Maryland corporation (the "Borrower"), for the sole and exclusive purposes described in this resolution; approving, pursuant to notice and following a public hearing, the issuance of the revenue bonds requested in the letter of intent from the Borrower to the County dated October 17, 2017; accepting said letter of intent; making certain legislative findings, among others, concerning the public benefit and purpose of such revenue bonds; providing that such revenue bonds and the interest thereon shall be limited obligations of the County, repayable solely from the revenues derived from loan repayments (both principal and interest) made by the Borrower or other money made available to the County for such purpose, and that such revenue bonds and the interest on them are not debts or charges against the general credit or taxing powers of the County within the meaning of any constitutional or charter provision or statutory limitation and may not give rise to any pecuniary liability of the County; authorizing and empowering the County Executive of the County, prior to the issuance, sale and delivery of such revenue bonds, to prescribe the rate or rates of interest such revenue bonds are to bear, the form, tenor, terms and conditions of and security for such revenue bonds, and to prescribe, determine, provide for and approve various other matters, details, documents and procedures in connection with the authorization, issuance, security, sale and payment for such revenue bonds; and generally providing for and determining various matters and details in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

R E C I T A L S:

Subtitle 1 of Title 12 of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), empowers all the counties and municipalities of the State of Maryland to issue revenue bonds and to loan the proceeds of the sale of such revenue bonds to a

facility user (defined below) to finance the acquisition and improvement (as defined in the Act) by such facility user of any facility (as defined in the Act). As defined in the Act, a "facility user" means a person, public or private corporation, or other entity, whether for-profit or not-for-profit, that owns, leases, or uses all or a part of a facility.

The legislative purposes of the Act are to (a) relieve conditions of unemployment in the State of Maryland (the "State"), (b) encourage the increase of industry and commerce and a balanced economy in the State, (c) assist in the retention of existing industry and commerce in, and the attraction of new industry and commerce to, the State, (d) promote economic development, (e) protect natural resources and encourage resource recovery and (f) promote the health, welfare, and safety of the residents of the State.

Frederick County, Maryland a body politic and corporate and a political subdivision of the State (the "County"), has received a letter of intent dated October 17, 2017 in the form attached hereto as Exhibit A (the "Letter of Intent") from Mount St. Mary's University, a nonprofit Maryland corporation (the "Borrower"), a "facility applicant" as defined in the Act, in which it is requested that the County participate in the financing and refinancing of certain facilities as described herein by the County's issuance of its limited obligation revenue bonds in an original aggregate principal amount not to exceed \$68,000,000 and by loaning the proceeds thereof to the Borrower upon the terms and conditions of a loan or similar agreement to be entered into between the County and the Borrower (the "Loan Agreement"), as permitted by the Act (such loan being herein referred to as the "Loan"). The proceeds of the Loan shall be used to finance and refinance the acquisition and improvement (within the meaning of the Act) by the Borrower of a certain facility (within the meaning of the Act) to consist of and include:

- (1) refunding all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount St. Mary's University), Series 2006;
- (2) refunding all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount St. Mary's University), Series 2007;
- (3) refunding all or a portion of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount St. Mary's University, Inc. Facility), Series 2007A;
- (4) refunding all or a portion of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount St. Mary's University, Inc. Facility), Series 2008;
- (5) paying for the cost to terminate three interest rate swap transactions which were entered into by the Borrower with PNC Bank, National Association to hedge the Series 2007A Bond and the Series 2008 Bond;
- (6) paying for, or reimbursing the Borrower for, a full funding or a portion of the costs associated with a capital project consisting of one or more of the following: (i) expansions, upgrades, alterations, renovations, capital additions, rehabilitation and other capital improvements and acquisitions at or for the Borrower's campus in Emmitsburg, Maryland and related facilities, including athletic facilities; (ii)

acquisition and improvement of real property located adjacent to or near the Borrower for purposes of expansion, improvement, rehabilitation, construction and possible relocations of the facilities of the Borrower thereon; and (iii) infrastructure relocation, expansion; upgrades, improvement or construction relating to the foregoing, as well as furnishings, equipment and other capital acquisitions therefor and various other capital additions or improvements to the facilities of the Borrower, including without limitation, improvements to athletic facilities, all in order to preserve, develop and improve the Borrower; and

(7) paying costs of issuance, accrued interest and to fund debt service reserve funds.

The foregoing items (1) through (7) are sometimes referred to collectively herein as the "Facility".

The Borrower is a 501(c)(3) organization that owns and operates and will continue to own and operate the Facility. The Facility is a "facility" as defined in the Act.

The County, in compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended, held a public hearing on December 5, 2017, pursuant to notice (in the form attached hereto as Exhibit B) published in a newspaper of general circulation in Frederick County on November __, 2017 for the purpose of apprising affected residents of Frederick County, Maryland of the proposed issuance of the Bonds (defined below) and allowing such residents to appear and be heard concerning the issuance of the Bonds and the location and nature of the Facility. The County has determined following such public hearing, and after having duly considered the necessity for the issuance of the Bonds for competitive economic development purposes to insure job opportunities and to provide for a sufficient tax base, that there will be a substantial public benefit from the issuance of the Bonds, that the issuance of the Bonds to finance and refinance the Facility is in the public interest and for a public purpose and by this Resolution has given its approval thereto.

The County, based upon the findings and determinations set forth below, has determined to participate in the financing and refinancing of the Facility by (a) issuing, selling and delivering its revenue bonds in an original aggregate principal amount not to exceed \$68,000,000 (the "Bonds"), and (b) loaning the proceeds of the Bonds to the Borrower upon the terms and conditions of the Loan Agreement, as permitted by the Act.

The Loan Agreement will require the Borrower (a) to use the proceeds of the Bonds solely to finance and refinance the acquisition and improvement of the Facility (except to the extent of amounts permitted to be expended for other purposes under the Act and by the Loan Agreement), and (b) to make payments which will be sufficient to enable the County to pay the principal of and interest and premium, if any, on the Bonds when and as the same shall become due and payable.

As security for the Bonds, the County may enter into a trust agreement with one or more corporate trustees or a purchase or assignment agreement with the purchaser of the Bonds, pursuant to which, the County will assign to such trustee or purchaser, among other things, and excepting the right of the County to indemnification and to payments to the County for expenses, all of the County's right, title and interest in and to, and remedies with respect to the Loan Agreement and

any other document or instrument relating to the Loan, and any and all other property of every description and nature from time to time by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security for the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND:

SECTION 1. Acting pursuant to the Act, it is hereby found and determined as follows:

(1) The issuance and sale of the Bonds by the County pursuant to the Act in order to lend the proceeds thereof to the Borrower for the sole and exclusive purpose (except to the extent of amounts permitted to be expended for other purposes under the Act and by the Loan Agreement) of financing and refinancing the acquisition and improvement by the Borrower of the Facility will facilitate and expedite the acquisition and improvement of the Facility by the Borrower.

(2) The acquisition and improvement of the Facility by the Borrower and the financing and refinancing thereof as provided in this Resolution will promote the declared legislative purposes of the Act by (a) relieving conditions of unemployment in the State; (b) encouraging the increase of industry and commerce and a balanced economy in the State, (c) assisting in the retention of existing industry and commerce in, and the attraction of new industry and commerce to, the State; (d) promoting economic development; (e) protecting natural resources and encouraging resource recovery; and (f) promoting the health, welfare and safety of the residents of the State.

(3) The Act authorizes facility financing, or a refunding thereof, to be accomplished in the form of a loan by the County to the Borrower. The loan form of transaction avoids indirect costs and burdens on the County by eliminating any direct involvement by the County in the acquisition, ownership or administration of the Facility while permitting the imposition of ample controls on the use of the proceeds of the Bonds, thus insuring that the public purposes of the Act and the bond transactions are fully accomplished. Because it is in the best interests of the citizens of the County to finance and refinance the acquisition and improvement of the Facility by a loan to the Borrower, this Resolution contemplates and authorizes a transaction in the form of a loan of the proceeds of the Bonds by the County to the Borrower. Accordingly, this Resolution, together with one or more executive orders (the "Executive Order") to be executed by the County Executive of the County (the "County Executive") prior to the issuance, sale and delivery of the Bonds, the Loan Agreement and any other instrument pertaining to the issuance, sale or delivery of the Bonds, including those instruments approved by the Executive Order (such other instruments, together with the Loan Agreement, collectively, the "Bond Documents"), contains, or shall contain, such provisions as the County deems appropriate to effect the financing and refinancing of the acquisition and improvement by the Borrower of the Facility by the loan form of transaction.

(4) THE BONDS, THE PREMIUM, IF ANY, THE PURCHASE PRICE THEREOF AND THE INTEREST ON THE BONDS ARE LIMITED OBLIGATIONS OF THE COUNTY. THE PRINCIPAL OF, PREMIUM, IF ANY, THE PURCHASE PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES DERIVED FROM LOAN REPAYMENTS (BOTH PRINCIPAL AND INTEREST) MADE BY THE BORROWER OR OTHER MONEY MADE AVAILABLE

TO THE COUNTY FOR SUCH PURPOSE. THE BONDS, THE PREMIUM, IF ANY, THE PURCHASE PRICE THEREOF AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE COUNTY. THE BONDS ARE NOT A DEBT TO WHICH THE FAITH AND CREDIT OF THE COUNTY IS PLEDGED. The proceeds of the Bonds, and the payments to be made by the Borrower pursuant to the Loan Agreement, will be paid directly to a trustee or the holders of the Bonds in the event a trustee is not appointed for such purpose to be held and disbursed as shall be approved by the County Executive in the Executive Order. No such monies will be commingled with the County's funds, but are deemed necessary or desirable by the County to insure that the proceeds of the Bonds are used to accomplish the public purposes of the Act and this Resolution. The transactions authorized hereby do not constitute any physical public betterment or improvement or the acquisition of property for public use or the purchase of equipment for public use. The public purposes expressed in the Act are to be achieved by facilitating the financing and refinancing of the acquisition and improvement of the Facility by the Borrower.

(5) The Borrower is a "facility applicant" and a "facility user" as defined in the Act and the Facility will be used by the Borrower in its mission as a 501(c) organization to own and operate a college preparatory school with grades 9 through 12.

SECTION 2. The County hereby approves and is authorized and empowered to issue, sell and deliver, at any time or from time to time, one or more series of Bonds to be to be designated as shall be prescribed in the Executive Order, in an original aggregate principal amount not to exceed \$68,000,000, subject to the provisions of this Resolution. The proceeds of the Bonds will be loaned to the Borrower pursuant to the terms and provisions of the Loan Agreement, to be expended by the Borrower for the sole and exclusive purpose of financing and refinancing the acquisition and improvement of the Facility (except to the extent of amounts permitted to be expended for other purposes under the Act and by the Loan Agreement).

The Letter of Intent is hereby accepted by the County and the County Executive is hereby authorized and directed to execute the Letter of Intent in order to evidence such acceptance. The Letter of Intent is intended to constitute a "letter of intent" as contemplated by the Act.

The authority to issue the Bonds is intended to and shall include the authority to issue revenue refunding bonds. Reference herein to the "Bonds" shall include revenue refunding bonds where appropriate. In the event that any refunding bonds are issued pursuant to this Resolution, the outstanding principal amount of any "refunded bonds" (as hereinafter defined) shall not be taken into account in determining the aggregate principal amount of the Bonds issued, sold and delivered hereunder. The term "refunded bonds" means any bonds (i) for the payment of which (both principal and interest) provision has been made from the proceeds (including any earnings on the investment thereof) of Bonds issued pursuant to this Resolution, or (ii) which have been paid from such proceeds, whether such provisions for payment, or such payment is made at or prior to the maturity thereof.

SECTION 3. This Resolution is intended to be, and shall constitute, evidence of the County's intent to issue and deliver the Bonds authorized hereby in accordance with the terms hereof when the Bonds are sold, provided that the County shall have no duty to obtain a purchaser or purchasers therefor and shall incur no pecuniary liability in the event that the Bonds are not sold.

SECTION 4. The Bonds shall be executed in the name of the County and on its behalf by the County Executive of the County, by his or her manual or facsimile signature, and the corporate seal of the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Chief Administrative Officer (or other authorized officer) by his or her manual or facsimile signature. The Bond Documents shall be executed in the name of the County and on its behalf by the County Executive by his or her manual signature, and the corporate seal of the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Chief Administrative Officer (or other authorized officer) by his or her manual signature. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds or any of the Bond Documents shall cease to be such officer before the delivery of the Bonds or any of the Bond Documents, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The County Executive, the Chief Administrative Officer, the County Attorney, the Director of Finance and other officials of the County are hereby authorized and empowered to do all such acts and things and execute such other documents and certificates as the County Executive of the County may deem necessary to carry out and comply with the provisions hereof.

SECTION 5. Prior to the issuance, sale and delivery of the Bonds, the County Executive shall execute the Executive Order pursuant to which the County Executive may (without limitation) specify, determine, prescribe and approve, all within the limitation of this Resolution and the Act, matters, documents and procedures that relate to the authorization, 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 or from time to time, the rate or rates of interest thereon, the date or dates of maturity thereof, provisions for the payment thereof, prepayment, sinking fund or redemption provisions (if any) thereof, the designation or designations of the Bonds and of any series, 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 (if any);

(c) the form and contents of, and provisions for the execution and delivery of, such financing documents as the County Executive shall deem necessary or desirable to evidence, secure or effectuate the Loan and the issuance, sale and delivery of the Bonds, including (without limitation) any loan agreements, notes, mortgages, security agreements, assignments, guarantees, financing agreements or escrow agreements;

(d) provision for the payment directly by the Borrower 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 County in connection with the authorization, issuance, sale and delivery of the Bonds, and all costs incurred in connection with the development of the appropriate

legal documents, including fees of counsel to the County, and compensation to any persons (other than full-time employees of the County) or entities performing services for or on behalf of the County in connection therewith and in connection with all other transactions contemplated by this Resolution, whether or not the proposed financing is consummated;

(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, payment agents, registrars or other agents as the County Executive shall deem necessary or desirable to effectuate the transactions authorized hereby;

(f) the preparation and distribution, in conjunction with representatives of the Borrower and the prospective purchasers of or underwriters for the Bonds of any series, both a preliminary and a final official statement, placement memoranda or offering circular in connection with the sale of the Bonds of any series, if such preliminary official statement and final official statement, placement memoranda or offering circular are determined to be necessary or desirable for the sale of the Bonds of such series;

(g) the form and contents of, and provisions for the execution and delivery of, a contract or contracts for the purchase and sale of the Bonds of any series (or any portion thereof); and

(h) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the Bonds, the security for the Bonds and the Loan, and the consummation of the transactions contemplated by this Resolution as may be deemed appropriate and approved by the County Executive, including (without limitation) establishing procedures for the execution, acknowledgment, sealing and delivery of such other and further agreements, documents, and instruments (including continuing disclosure documents), and the authorization of the officials of the County to take any and all actions, as are or may be necessary or appropriate to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

SECTION 6. (a) THE BONDS, THE PREMIUM, IF ANY, THE PURCHASE PRICE THEREOF AND THE INTEREST ON THE BONDS ARE LIMITED OBLIGATIONS OF THE COUNTY. THE PRINCIPAL OF, PREMIUM, IF ANY, THE PURCHASE PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES DERIVED FROM LOAN REPAYMENTS (BOTH PRINCIPAL AND INTEREST) MADE BY THE BORROWER OR OTHER MONEY MADE AVAILABLE TO THE COUNTY FOR SUCH PURPOSE. THE BONDS, THE PREMIUM, IF ANY, THE PURCHASE PRICE THEREOF AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE COUNTY. THE BONDS ARE NOT A DEBT TO WHICH THE FAITH AND CREDIT OF THE COUNTY IS PLEDGED. In order to implement Section 12-113 of the Act stating that the Bonds may not give rise to pecuniary liability of the County, the Executive Order, the Loan Agreement, the Bonds and the other Bond Documents may provide that no bondholder shall look to the County for damages suffered by such bondholder as a result of the failure of the County to perform any

covenant, undertaking or obligation thereunder, nor as result of the incorrectness of any representation made by the County therein. Although this Resolution recognizes that the Bond Documents may not give rise to pecuniary liability of the County, nothing contained in this Resolution or in the Bond Documents shall be construed to preclude in any way any action or proceedings (other than that element in any action or proceeding involving a claim for monetary damages against the County) in any court or before any governmental body, agency or instrumentality, or otherwise against the County or any of its officers or employees to enforce the provisions of any of the Bond Documents.

(b) Although the Bond Documents shall provide that the County shall have the right to seek remedies in the event of a default by the Borrower, it is contemplated that the County will assign the performance of obligations to take action to the trustee for the holder(s) of the Bonds or the purchasers or holder of the Bonds, in order to implement the purposes and intent of the Act, namely to facilitate the financing and refinancing of the acquisition and improvement of the Facility by the Borrower without incurring any pecuniary obligation or liability of the County. Accordingly, if a trustee is appointed for such purpose, the trustee shall have the duty to act, whether or not at the direction of the bondholders, in all instances in which the trustee for such bonds may act and determines that action is appropriate. In any case, where action by the trustee for the Bonds or the purchaser or holder of the Bonds requires simultaneous or subsequent action by the County, the County will cooperate with such trustee or the purchaser or holder of the Bonds and take any and all action necessary to effectuate the purposes and intent of the Resolution and the Bond Documents. The performance by the trustee for the Bonds or the purchaser or holder of the Bonds of obligations under any of the Bond Documents permits the identification of all costs arising from the exercise of such obligations. The Bond Documents shall provide that the Borrower shall pay those costs in order to avoid any direct or indirect pecuniary burden on the County.

SECTION 7. As permitted by the Act, the Bonds of each series shall be sold at private (negotiated) sale and at par, unless the County Executive, with the consent of the Borrower, deems it to be in the best interests of the County and the Borrower to sell the Bonds of any series at public sale or by retail sale or above or below par, in which event the Bonds of such series shall be sold in such manner, at such price or prices and upon such terms as shall be determined in the Executive Order to be in the best interests of the County and the Borrower. The Bond of each series 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 County Executive, with the consent of the Borrower.

SECTION 8. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstance, 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 and the remaining provisions shall be construed so as to give practical realization to the public purposes intended to be achieved hereunder and the protection against pecuniary liability to be afforded to the County. 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 circumstance to which this Resolution or any part hereof is inapplicable had been specifically exempted therefrom.

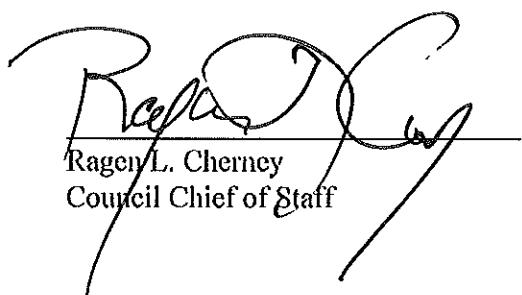
SECTION 9. In the event that the financing transactions contemplated by this Resolution shall not have occurred by December 1, 2018, the County's authorization under this Resolution shall terminate unless otherwise extended by resolution of the County Council.

SECTION 10. This Resolution shall take effect immediately upon its adoption.

Adopted this 5th day of December, 2017.

The undersigned hereby certifies that this Resolution was approved and adopted on the 5th day of December, 2017.

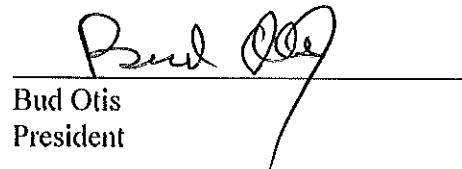
ATTEST:



Roger L. Cherney
Council Chief of Staff

COUNTY COUNCIL OF
FREDERICK COUNTY, MARYLAND

By:



Bud Otis
President



EXHIBIT A

Letter of Intent



MOUNT ST. MARY'S UNIVERSITY

16300 OLD EMMITSBURG ROAD
EMMITSBURG, MARYLAND 21727

October 17, 2017

Frederick County, Maryland

Winchester Hall – 12 E. Church Street

Frederick, Maryland 21740

Attention: The Honorable Jan H. Gardner, County Executive

RE: Frederick County, Maryland Educational Facilities Revenue Bonds
for the benefit of Mount St. Mary's University

Dear County Executive Gardner:

Mount St. Mary's University, a Maryland nonstock, nonprofit corporation (the "Borrower") respectfully requests that Frederick County, Maryland, a body corporate and politic, a political subdivision of the State of Maryland, and a "public body" within the meaning of the Act identified below (the "County") participate in the financing or refinancing of the acquisition, construction, equipping and development of various facilities hereinafter described (the "Facility") located in Frederick County, Maryland, by authorizing, issuing and selling its educational facilities revenue bonds in one or more series in an aggregate principal amount not to exceed \$68,000,000 (the "Bonds"). The Bonds may be tax-exempt or taxable for federal income tax purposes. Any such series of the Bonds may consist of a single bond. The Bonds will be issued pursuant to Subtitle 1 of Title 12 of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), or such other statutory authority as may exist when the Bonds are issued. It is intended that this letter, if accepted by the County, shall constitute a "letter of intent" as contemplated by the Act.

It is proposed that the County loan the proceeds of the Bonds (the "Loan") to the Borrower pursuant to the terms and provisions of a loan or similar agreement to be entered into by the County and the Borrower (the "Loan Agreement"). The Loan Agreement will require the Borrower to use the proceeds of the Loan for the sole and exclusive purpose of financing or refinancing (or reimbursing the Borrower for prior capital expenditures in connection with) the acquisition, construction, equipping and development of the Facility by the Borrower as generally described herein, the payment of the costs of preparing and selling the Bonds and other costs as permitted by the Act.

The Bonds shall be repayable by the County solely from the revenue derived from Loan repayments (both principal and interest) made to the County by the Borrower pursuant to the terms and provisions of the Loan Agreement and from any other monies made available to the County for such purpose.

The Borrower is a 501(c)(3) organization and a "facility applicant" and "facility user" as defined by the Act.

The Facility, which is comprised of multiple facilities, some of which are new construction or improvements and some of which were previously financed with taxable or tax exempt debt, constitutes portions of the Borrower's college campus in Emmitsburg, Frederick County, Maryland. The Borrower is an institution of higher learning to approximately 2,200 students that is committed to education in the service of truth and seeks to cultivate a community of learners formed by faith, engaged in discovery, and empowered for leadership in the Catholic Church, the professions, and the world.

The Facility, which is a "facility" as defined in the Act, will consist generally of the improvements described in Schedule 1 of the attached hereto and is located within the geographical boundaries and jurisdiction of the County.

The Loan Agreement will require the Borrower to make Loan payments (both principal and interest) sufficient to pay (a) the principal of, and interest and redemption premium, in any, on, the Bonds, and (b) all expenses incurred by the County 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 financing and refinancing of the Facility in excess of the proceeds of the Loan will be paid by the Borrower. The Loan Agreement will contain such other provisions as may be required by law and as may be agreed to by the Borrower the County, and the purchaser(s) of the Bonds, as permitted by law.

The Borrower presently employs a total of 1,558 full and part time employees.

The acquisition and/or refinancing of the Facility has promoted the declared legislative purposes of the Act to (a) relieve conditions of unemployment in the State of Maryland (the "State"), (b) encourage the increase of industry and commerce and a balanced economy in the State, (c) assist in the retention of existing industry and commerce in, and the attraction of, new industry and commerce to the State, (d) promote economic development, (e) protect natural resources and encourage resource recovery, and (f) generally promote the health, welfare, and safety of the residents of the State.

Financial considerations have been a factor leading to the Borrower's decision to acquire and/or refinance the Facility and its decision has been influenced material by the availability of economic development revenue bond financing.

It is expressly understood and agreed that (a) the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance and sale of the Bonds, the making of the Loan or the acquisition and/or refinancing of the Facility, and (b) the Facility will be acquired so as to conform to the requirements of the Borrower. Accordingly, the Borrower will pay all costs incurred by, or on behalf of, the County 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, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary

to effectuate the proposed refinancing, including (without limitation) the fees of bond counsel to the County and compensation to any other person (other than full-time employees of the County) performing services by or on behalf of the County 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) a public hearing to be held by the County pursuant to at least fourteen (14) days' notice in a newspaper of general circulation in the County, (b) the approval of, and appropriate action by, the County Council of Frederick County, which action includes, but is not limited to, passage by the Council of a resolution implementing the financing of the facility described herein and authorizing the issuance of the Bonds (the "Resolution"), and the execution of a written order with regard to the issuance, sale and delivery of the Bonds as will be provided for in the Resolution, and (c) the approval by the County of all documents pertaining to the financing.

The acceptance of this letter by the County shall constitute evidence of the present intent of the County to authorize the issuance, sale and delivery of the Bonds and to authorize the Loan for the purposes described herein subject to the conditions described herein; provided, however, that the Borrower recognizes that:

1. The County cannot make any guaranty, promise or assurance that the terms and conditions (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 that the interest on the Bonds is to be paid, the redemption provisions for the bonds, the time the Bonds are to be executed, issued and delivered and their form, tenor and denomination) of the Bonds as actually authorized to be issued, will be acceptable to the Borrower, and
2. The County can give no guaranty, promise or assurance as to the availability of ready, willing and able purchasers of the Bonds.

The County's adoption of the Resolution and its acceptance of this letter of intent are intended solely to implement the financing of the project described herein by enabling the issuance and sale by the County of the Bonds. Neither the acceptance of this letter of intent nor the adoption of the Resolution will constitute any assurance by the County to any prospective purchasers of the Bonds that (i) the Borrower will have the ability to repay the Loan, (ii) the Facility will be feasible economically or otherwise, or (iii) the Facility will be in compliance with applicable County, State or Federal laws.

- The Borrower agrees to use its best efforts to complete the financing contemplated hereunder and to refinance or acquire, construct, equip and develop the Facility.

It is also understood and agreed that the County reserves the right to withdraw the authorization set forth in the Resolution and this letter of intent should either the Facility or such authorization prove to be in violation of the County, State or Federal laws applicable to the Facility or such

authorization unless appropriate steps are taken by the Borrower to alter the Facility or otherwise, to bring the proposed Facility or financing into compliance with such laws.

The Borrower agrees that it will provide all certifications (including opinions of its counsel) required by bond counsel to the County in order to establish that interest on the Bonds will be exempt from Federal income taxation (including certifications enabling the County to certify that the Bonds are not arbitrage bonds), as may be applicable.

Neither the Bonds, nor any interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the County, within the meaning of any constitutional or charter provisions or statutory limitation, and neither shall ever constitute or give rise to any pecuniary liability of the County.

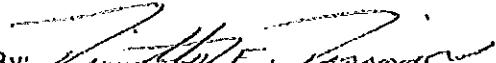
In the event that the financing transactions contemplated by the letter of intent shall not have occurred by December 31, 2017 (or such shorter period if required by applicable law), the County's authorization requested under this letter of intent shall terminate.

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

[CONTINUED ON FOLLOWING PAGE]

Very truly yours,

MOUNT ST. MARY'S UNIVERSITY

By: 

Name: Timothy E. Trainor, Ph.D.

Title: President

[CONTINUED ON FOLLOWING PAGE]

Accepted this _____ day of _____, 2017, pursuant to Resolution No. 17-2 passed by the County Council of Frederick County, on December 5, 2017, by the County Executive of Frederick County.

COUNTY COUNCIL OF FREDERICK COUNTY

By: _____
Name: The Honorable Jan H. Gardner,
Title: County Executive

SCHEDULE 1

THE FACILITY

The proceeds from the sale of the Bonds will be loaned to the Borrower to be used by the Borrower to:

- (1) refund all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount St. Mary's University), Series 2006, the proceeds of which were used to (a) finance or refinance the acquisition and construction of renovations to the Cogan Student Union Building, which houses student dining services, several private dining and meeting rooms, and various offices (the "2001B Facilities"), (b) finance or refinance the acquisition, construction, renovation, equipping and development of the facilities including: (i) construction of student residence facilities, consisting of four, approximately 15,000 square foot buildings to provide housing for approximately 180 students in the aggregate; (ii) construction of surface parking facilities; (iii) pedestrian pathways and landscape and hardscape features, including but not limited to lighting, signage, outdoor furniture, gates, and walls; (iv) the acquisition and installation of certain necessary or useful equipment and machinery for the foregoing; and (v) the acquisition and installation of such other interests in land as may be necessary or useful, including roads or other rights of access, utilities, and site preparation facilities (hereafter referred to as the "2006 Facilities");
- (2) refund all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount St. Mary's University), Series 2007, the proceeds of which were used to (a) finance or refinance (i) the Series 1999 bonds, which were used to refund the then outstanding debt of the Borrower including, which collectively had been used for the acquisition and installation of an information technology network; renovations and repairs to the Bradley Administration Building; the upgrading of water treatment and supplies facilities; the purchase of homes and land located at 16205 Old Anthony Road and 16540 Old Emmitsburg Road in Frederick County, Maryland; cabling for computing and networking; repairs and renovations to the house for the president on the campus; renovation of the Coad Science Building; a new central maintenance and receiving facility; the renovation, restoration and rehabilitation of the Bradley Annex Complex for additional dormitory facilities and office space; the rehabilitation of four dormitories known as Dubois Hall, Brute Hall, McCaffery Hall, and Bradley Annex; and the construction of three buildings to provide housing for approximately 320 students known as Keelty Hall, Horning Hall and "A" Towers (collectively, the "1999 Facilities") and (ii) construct an approximate 37,000 square foot addition to and renovate an additional approximate 43,000 square feet of portions of the McGowan Center, renovate Coad Science Center, renovate approximately 6,715 square feet of the Borders Learning Center, install replacement windows and/or sprinkler systems at Terrace Housing, Sheridan Residence Hall and Pangborn Residence Hall, and acquire or install other improvements or interest in lands that were necessary or useful, including roads or other rights of access, utilities and site preparation facilities (the "2001 Facilities," and together with the 1999 Facilities, the "2001A Facilities"), (b) finance or refinance the design, acquisition, construction, renovation, equipping and development of academic and student life facilities and campus improvements and infrastructure, equipment, machinery and landscaping for the foregoing, and the acquisition and installation of such other interests in land,

including roads or other rights of access, utilities and site preparation facilities and other improvements, which includes the replacement of steam and water lines throughout the campus, upgrades to the wastewater treatment plant, improvements to campus entrances, roadways and sidewalks, replacement of HVAC units, rebuilding a tennis facility, and the replacement of roofs (the "2007 Facilities");

(3) refund all of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount St. Mary's University, Inc. Facility) Series 2007A (the "Series 2007A"), the proceeds of which were used for the construction, renovation, equipping and furnishing of the Terraces student residential facility (collectively, the "Series 2007A Facilities");

(4) refund all of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount St. Mary's University, Inc. Facility) Series 2008 (the "Series 2008"), the proceeds of which were used to finance a portion of the costs of renovations to and the construction, furnishing and equipping of the Terraces residential facility and The Delaplaine Fine Arts Center (collectively, the "Series 2008 Facilities");

(5) pay for the cost to terminate three interest rate swap transactions which were entered into by the Borrower with PNC Bank, National Association to hedge the Series 2007A and Series 2008 (the "2017A Facilities");

(6) pay for, or reimburse the Borrower for, a full funding or a portion of the costs associated with a capital project consisting of one or more of the following: (i) expansions, upgrades, alterations, renovations, capital additions, rehabilitation and other capital improvements and acquisitions at or for the University campus and related facilities, including athletic facilities; (ii) acquisition and improvement of real property located adjacent to or near the University for purposes of expansion, improvement, rehabilitation, construction and possible relocations of the facilities of the University thereon, and (iii) infrastructure relocation, expansion, upgrades, improvement or construction relating to the foregoing, as well as furnishings, equipment and other capital acquisitions therefor and various other capital additions or improvements to the facilities of the University, including without limitation, improvements to athletic facilities, all in order to preserve, develop, and improve the University (the 2017B Facilities);

(the 2001A Facilities, 2001B Facilities, 2006 Facilities, 2007 Facilities, 2007A Facilities, 2008 Facilities, 2017A Facilities and the 2017B Facilities, being hereafter referred to collectively as the "Facility").

The proceeds of the Bonds may also be used to pay costs of issuance, accrued interest and to fund debt service reserve fund.

The 2017A Facilities and 2017B Facilities relate to projects located on, adjacent to or near the Borrower's campus located at 16300 Old Emmitsburg Road, Emmitsburg, Maryland 21727.

EXHIBIT B

Public Notice

The Frederick News-Post

Advertising

Invoice

351 Ballenger Center Dr
Frederick, MD 21703

Phone: 301-662-1883

Fax: 301-662-3921

URL: www.newspost.com

RECEIVED

NOV 27 2017

JOYCE GROSSNICKLE
*FREDERICK COUNTY GOVT
12 E CHURCH STREET
FREDERICK, MD 21701

Acct #: 0000169 Office of
Phone: (301) 600-1135 Executive Officer
Date: 11/15/2017
Ad #: 00011945
Salesperson: class Ad Taker: jlee

Class: 2800

Ad Notes: BILLING: Office the County Executive

Sort Line: PUBLIC NOTICE 12.5.17

Description	Start	Stop	Ins.	Cost/Day	Amount
1000 Frederick News-Post	11/18/2017	11/18/2017	1	1,387.50	1,387.50
1125 MDDC Legals Feed	11/18/2017	11/18/2017	1	0.00	0.00

Ad Text:

FREDERICK COUNTY
12 E. CHURCH STREET
FREDERICK, MARYLAND 21701
(301) 600-1135

PUBLIC NOTICE

Notice is hereby given that a public hearing, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, will be held by Frederick County, Maryland (the "County") to permit any resident of the County to appear and testify concerning the plan of finance (the "Plan of Finance") pursuant to which the County would issue up to

Payment Reference:

Total:	1,387.50
Tax:	0.00
Net:	1,387.50
Prepaid:	0.00
Total Due	1,387.50

AFFP

PUBLIC NOTICE 12.5.17

Affidavit of Publication

STATE OF MARYLAND) SS
COUNTY OF FREDERICK)

FREDERICK COUNTY
12 E. CHURCH STREET
FREDERICK, MARYLAND 21701
(301) 600-1135

Dawn Routzahn, being duly sworn, says:

That she is Dawn Routzahn of the The Frederick News-Post, a daily newspaper of general circulation, printed and published in Frederick, Frederick County, Maryland; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

November 18, 2017

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

Dawn Routzahn

Subscribed to and sworn to me this 18th day of November 2017.


JENNIFER LB LEES
Notary Public - Maryland
Washington County
March 10, 2019
My commission expires: March 10, 2019

00001690 00011945

JOYCE GROSSNICKLE
*FREDERICK COUNTY GOVT
12 E CHURCH STREET
FREDERICK, MD 21701

PUBLIC NOTICE

Notice is hereby given that a public hearing, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, will be held by Frederick County, Maryland (the "County") to permit any resident of the County to appear and testify concerning the plan of finance (the "Plan of Finance") pursuant to which the County would issue up to \$68,000,000 of its Economic Development Revenue Bonds (the "Bonds") in one or more series at one time or from time to time for the benefit of Mount Saint Mary's University, Inc., a Maryland nonstock, nonprofit corporation (the "Institution"). The hearing will be held on Tuesday, December 5, 2017, at 4:30 p.m. in the first floor hearing room, Winchester Hall, 12 E. Church Street, Frederick, Maryland.

FACILITIES: The proceeds from the sale of the Bonds will be loaned by the County to the Institution to be used by the Institution to:

(1) refund all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount Saint Mary's University), Series 2006, the proceeds of which were used to (a) finance or refinance the acquisition and construction of renovations to the Cogan Student Union Building, which houses student dining services, several private dining and meeting rooms, and various offices, and (b) finance or refinance the acquisition, construction, renovation, equipping and development of the facilities including: (i) student residence facilities, consisting of four, approximately 15,000 square foot buildings to provide housing for approximately 180 students in the aggregate; (ii) surface parking facilities; (iii) pedestrian pathways and landscape and hardscape features, including but not limited to lighting, signage, outdoor furniture, gates, and walls; (iv) certain necessary or useful equipment and machinery for the foregoing; and (v) such other interests in land as may be necessary or useful, including roads or other rights of access, utilities, and site preparation facilities;

(2) refund all or a portion of the Frederick County, Maryland Educational Facilities Revenue Bonds (Mount Saint Mary's University), Series 2007, the proceeds of which were used to (a) finance or refinance (i) the Series 1999 bonds, the proceeds of which were used to refund prior outstanding debt of the Institution used for the acquisition and installation of an information technology network; renovations and repairs to the Bradley Administration Building; the upgrading of water treatment and supplies facilities; the purchase of homes and land located at 16205 Old Anthony Road and 16540 Old Emmitsburg Road in Frederick County, Maryland; cabling for computing and networking; repairs and renovations to the house for the president on the campus; renovation of the Coad Science Building; a new central maintenance and receiving facility; the renovation, restoration and rehabilitation of the Bradley Annex Complex for additional dormitory facilities and office space; the rehabilitation of four dormitories known as Dubois Hall, Brute Hall, McCaffery Hall, and Bradley Annex; and the construction of three buildings to provide housing for approximately 320 students known as Keely Hall, Horning Hall and "A" Towers; and (ii) the construction of an approximate 37,000 square foot addition to and the renovation of an additional approximate 43,000 square feet of portions of the McGowan Center, the renovation of Coad Science Center and approximately 6,715 square feet of the Borders Learning Center, the installation of replacement windows and/or sprinkler systems at Terrace Housing, Sheridan Residence Hall and Pangborn Residence Hall, and the acquisition or installation of other improvements or interest in lands that were necessary or useful, including roads or other rights of access, utilities and site preparation facilities, and (b) finance or refinance the design, acquisition, construction, renovation, equipping and development of academic and student life facilities and campus improvements and infrastructure, equipment, machinery and landscaping for the foregoing, and the acquisition and installation of such other interests in land, including roads or other rights of access, utilities and site preparation facilities and other improvements, which included the replacement of

steam and water lines throughout the campus, upgrades to the wastewater treatment plant, improvements to campus entrances, roadways and sidewalks, replacement of HVAC units, rebuilding a tennis facility, and the replacement of roofs;

(3) refund all of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount Saint Mary's University, Inc. Facility) Series 2007A (the "2007A Bonds"), the proceeds of which were used for the construction, renovation, equipping and furnishing of the Terraces student residential facility;

(4) refund all of the Town of Emmitsburg (Maryland) Educational Facilities Revenue Bond (Mount Saint Mary's University, Inc. Facility) Series 2008 (the "2008 Bonds"), the proceeds of which were used to finance a portion of the costs of renovations to and the construction, furnishing and equipping of the Terraces student residential facility and The Delaplaine Fine Arts Center;

(5) pay for the cost to terminate three interest rate swap transactions which were entered into by the Institution with PNC Bank, National Association to hedge the 2007A Bonds and 2008 Bonds; and

(6) pay for, or reimburse the Institution for, all or a portion of the costs associated with a capital project consisting of one or more of the following: (i) expansions, upgrades, alterations, renovations, capital additions, rehabilitation and other capital improvements and acquisitions at or for the Institution's campus and related facilities, including athletic facilities; (ii) acquisition and improvement of real property located adjacent to or near the Institution for purposes of expansion, improvement, rehabilitation, construction and possible relocations of the facilities of the Institution thereon, and (iii) infrastructure relocation, expansion, upgrades, improvement or construction relating to the foregoing, as well as furnishings, equipment and other capital acquisitions therefor and various other capital additions or improvements to the facilities of the Institution, including without limitation, improvements to athletic facilities, all in order to preserve, develop, and improve the Institution (collectively, the "Facilities").

The Facilities may also include land or interests in land, buildings, landscaping, structures, machinery, equipment, furnishings or other real or personal property located on the same site as the Facilities. The proceeds from the sale of the Bonds may also be used by the Institution to fund a debt service reserve fund and certain other funds to be established under the Indenture for the Bonds, and to pay certain costs of issuance, capitalized interest for the Bonds, working capital expenses, swap termination fees, and other related costs. The maximum aggregate principal amount of the Bonds will not exceed \$68,000,000.

LOCATION: The Facilities are and will be located on the Institution's campus located at 16300 Old Emmitsburg Road, 16540 Old Emmitsburg Road, and 16205 Old Anthony Road, all in Emmitsburg, Maryland 21727.

INITIAL OWNER AND OPERATOR OF FACILITIES: The Institution is and will be the initial owner and operator of the Facilities.

PROPOSED USE OF FACILITIES: The Facilities, which are comprised of multiple facilities some of which are new construction and some of which were previously financed with taxable and tax exempt debt, are being financed by the Institution and will be used by the Institution as part of its college campus in Emmitsburg, Frederick County, Maryland. The Institution will use the Facilities as an institution of higher learning which encourages its approximately 1,600 students to undertake free and rigorous learning leading to a reflective and creative understanding of the traditions which shape the community in which we live.

The Bonds will be limited obligations of the County, the principal of, premium (if any) upon, and interest on which are payable solely from revenues to be received in connection with the financing or refinancing of the Facilities herein described and from other moneys available to the County for such purposes. Neither the Bonds nor the interest thereon shall ever constitute an indebtedness or charge against the general credit or taxing powers of the County within the meaning of any constitutional or charter provision or statutory limitation and neither shall ever constitute or give rise to any pecuniary liability of the County.

Individuals will be given an opportunity to be heard at this hearing regarding the Plan of Finance and the proposed Bonds and the location and nature of the Facilities. Comments will be limited to three (3) minutes per speaker.

Written comments on the above financing may be sent to the County Council of Frederick County, Winchester Hall, 12 East Church Street, Frederick, Maryland 21701 (301) 600 1135, Attention: Chief of Staff.

Persons requiring special accommodations for this public hearing are requested to contact the County Council's Office at 301-600-1135 (TTY: Use Maryland Relay), to make the necessary arrangements, no later than three (3) business days prior to the public hearing.

Frederick County, Maryland does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

BY THE ORDER OF THE
COUNTY COUNCIL

Bud Ols, President