

COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND

RESOLUTION NO. 2014-07

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF CHARLES COUNTY (THE "BOARD") TO AUTHORIZE COUNTY COMMISSIONERS OF CHARLES COUNTY, A PUBLIC BODY (AS DEFINED IN THE ACT (HEREINAFTER DEFINED)) (THE "COUNTY"), PURSUANT TO AND IN ACCORDANCE WITH SECTIONS 12-101 THROUGH 12-118, INCLUSIVE, OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, BEING THE MARYLAND ECONOMIC DEVELOPMENT REVENUE BOND ACT (THE "ACT"), TO ISSUE AND SELL, AT ONE TIME OR FROM TIME TO TIME, AS LIMITED OBLIGATIONS AND NOT UPON ITS FAITH AND CREDIT OR PLEDGE OF ITS TAXING POWER, ITS ECONOMIC DEVELOPMENT REVENUE BONDS IN THE APPROXIMATE AGGREGATE PRINCIPAL AMOUNT OF, BUT NOT TO EXCEED, \$3,500,000, AND TO LOAN THE PROCEEDS FROM THE SALE OF SUCH BONDS TO SOUTHERN MARYLAND CHRISTIAN ACADEMY, INC., A MARYLAND CORPORATION AND A FACILITY APPLICANT AND A FACILITY USER AS DEFINED IN THE ACT (THE "BORROWER"), TO BE USED TO (1) REFINANCE AN EXISTING FIRST MORTGAGE LOAN WHICH WAS USED TO (I) REFINANCE (A) THE ACQUISITION BY THE BORROWER OF AN APPROXIMATELY 15-ACRE PARCEL OF REAL PROPERTY ON WHICH THE ORIGINAL SCHOOL FACILITIES WERE CONSTRUCTED (THE "ORIGINAL PARCEL") AND AN APPROXIMATELY 10-ACRE PARCEL ADJACENT TO THE ORIGINAL PARCEL AND (B) THE CONSTRUCTION OF AND IMPROVEMENTS TO CERTAIN EXISTING SCHOOL FACILITIES AND (II) FINANCE THE CONSTRUCTION OF A HIGH SCHOOL BUILDING, (2) FINANCE THE CONSTRUCTION OF A NEW MULTIPURPOSE BUILDING WITH A GYMNASIUM AND CLASSROOMS, AND (3) PAY CERTAIN COSTS OF ISSUANCE AND/OR OTHER RELATED COSTS; SPECIFYING AND DESCRIBING THE FACILITIES TO BE FINANCED AND REFINANCED; GENERALLY DESCRIBING THE PUBLIC PURPOSES TO BE SERVED AND THE FINANCING TRANSACTIONS TO BE ACCOMPLISHED; SPECIFYING THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF SUCH BONDS THAT MAY BE ISSUED BY THE COUNTY; PROVIDING THAT SUCH BONDS AND THE INTEREST THEREON (I) 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, (II) MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE COUNTY AND (III) ARE NOT A DEBT TO WHICH THE FAITH AND CREDIT OF THE COUNTY OR ANY OTHER PUBLIC BODY IS PLEDGED, BUT SHALL BE LIMITED OBLIGATIONS OF THE COUNTY, PAYABLE BY THE COUNTY SOLELY FROM MONEYS DERIVED FROM LOAN REPAYMENTS (BOTH PRINCIPAL AND INTEREST) MADE TO THE COUNTY BY THE BORROWER AND FROM ANY OTHER MONEYS MADE AVAILABLE TO THE COUNTY FOR SUCH PURPOSE; AUTHORIZING THE PRESIDENT OF THE COUNTY (THE "PRESIDENT") TO SPECIFY, DETERMINE, PRESCRIBE, APPROVE, EXECUTE AND DELIVER ANY AND ALL MATTERS, DETAILS, FORMS, DOCUMENTS OR PROCEDURES NECESSARY OR DESIRABLE TO EFFECTUATE THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY AND PAYMENT OF AND FOR SUCH BONDS AND THE LENDING OF THE PROCEEDS

THEREOF TO THE BORROWER; RESERVING CERTAIN RIGHTS IN THE COUNTY; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH SUCH BONDS AND THE LENDING OF THE PROCEEDS THEREOF TO THE BORROWER, AS REQUIRED OR PERMITTED BY THE ACT.

#### RECITALS

1. Capitalized terms used in this Resolution and not defined in the Recitals to or Sections of this Resolution shall have the meanings given to such terms in the title of this Resolution.

2. The Act empowers any public body (as defined in the Act) to issue and sell bonds (as defined in the Act), as its limited obligations and not upon its faith and credit or pledge of its taxing power, at any time and from time to time, and to loan the proceeds of the sale of such bonds to one or more facility users (as defined in the Act) for the purposes of financing or refinancing any costs of the acquisition and improvement (as defined in the Act) of one or more facilities (as defined in the Act) for one or more facility users (as defined in the Act), including to pay the costs of preparing, printing, selling, and issuing those bonds, to fund reserves, and to pay interest on those bonds in the amounts and for the period the public body considers reasonable.

3. The Act states the declared legislative purpose of the General Assembly of Maryland to be to (1) relieve conditions of unemployment in the State of Maryland (the "State"); (2) encourage the increase of industry and commerce and a balanced economy in the State; (3) assist in the retention of existing industry and commerce in, and the attraction of new industry and commerce to, the State through, among other things, the development of ports, the control or abatement of environmental pollution, and the use and disposal of waste; (4) promote economic development; (5) protect natural resources and encourage resource recovery; and (6) promote the health, welfare and safety of the residents of the State.

4. The County has received a letter from the Borrower, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting the County to issue and sell its bonds pursuant to the Act and to loan the proceeds of the sale thereof to the Borrower, for the purpose of financing and refinancing (a) the costs of the acquisition and improvement of certain Facilities (hereinafter defined) and (b) certain costs relating to the issuance of such bonds and other related costs.

5. A public hearing concerning the issuance of such bonds and the location and nature of the Facilities has been held by the Board following reasonable public notice (within the meaning of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code")). At the public hearing, interested persons had the opportunity to express their views on the issuance of such bonds and the location and nature of the Facilities.

6. The Borrower has requested that the proceeds of such bonds be used to (1) refinance an existing first mortgage loan which was used to (i) refinance (A) the acquisition by the Borrower of an approximately 15-acre parcel of real property on which the original school facilities were constructed (the "Original Parcel") and an approximately 10-acre parcel adjacent to the Original Parcel and (B) the construction of and improvements to certain existing school facilities and (ii) finance the construction of a high school building (collectively, the "Existing

Facilities”), (2) finance the construction of a new multipurpose building with a gymnasium and classrooms (as more particularly described below, the “New Building” and, with the Existing Facilities, the “Facilities”), and (3) pay certain costs of issuance and/or other related costs (collectively, the “Project”).

The Facilities are used by the Borrower in its capacity as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Code, for tax exempt purposes in its activities of operating a coed Christian private school.

7. The Borrower acknowledges in the Letter of Intent that the County reserves certain rights concerning the issuance of such bonds as provided in Section 5 of this Resolution.

8. The County, based upon the findings and determinations and subject to the reservation of rights set forth below, has determined to issue and sell, in addition to any bonds authorized to be issued by any other act of the County, in one or more series, its bonds (within the meaning of the Act), at one time or from time to time, in the approximate aggregate principal amount of, but not to exceed, Three Million Five Hundred Thousand Dollars (\$3,500,000), hereinafter designated “County Commissioners of Charles County Economic Development Revenue Bonds (Southern Maryland Christian Academy, Inc. Project)” (the “Bonds”) and to loan the proceeds of the Bonds (the “Loan”) to the Borrower on the terms and conditions as hereinafter provided in order to finance and refinance the Project.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CHARLES COUNTY:

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

(a) As evidenced by the Letter of Intent, a “letter of intent” within the meaning of the Act, the issuance of the Bonds pursuant to the Act by the County, a “public body” within the meaning of the Act, in order to loan the proceeds to the Borrower, a “facility applicant” and a “facility user” within the meaning of the Act, for the sole and exclusive purpose of refinancing the “improvement,” within the meaning of the Act, of the Facilities, “facilities” within the meaning of the Act, for use by the Borrower, will facilitate the financing and refinancing of the Project by the Borrower.

(b) The accomplishment of the transactions contemplated and authorized by this Resolution, including the financing and refinancing of all or a portion of the costs of the acquisition, construction and improvement of the Facilities, will promote the declared legislative purposes of the Act by (i) creating and sustaining jobs and employment, thereby relieving conditions of unemployment in the County and the State; (ii) encouraging the increase of industry and commerce and a balanced economy in the County and the State; (iii) assisting in the retention of existing industry and commerce in the County and the State; (iv) promoting economic development; and (v) promoting the health, welfare and safety of the residents of the County and the State.

(c) The Bonds and the interest thereon (1) 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, (2) may not give rise to any pecuniary liability of the County and (3) are not a debt to which the faith and credit of the County or any other public body is pledged. The Bonds and the interest thereon shall be limited obligations of the County payable

by the County solely from the revenues derived from Loan repayments (both principal and interest) made to the County by the Borrower on account of the Loan and from any other moneys made available to the County for such purpose. No such moneys will be commingled with the County's funds or will be subject to the absolute control of the County, but will be subject only to such limited supervision and checks as 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.

(d) The President of the County (the "President") is the chief executive officer of the County within the meaning of the Act and shall undertake on behalf of the County certain responsibilities described in the Act and hereinafter specified.

(e) It is hereby determined that the best interests of the County and the Borrower will be served by selling the Bonds at private (negotiated) sale to one or more banking institutions or other institutional lenders or investors as may be satisfactory to the County and the Borrower.

(f) All or a portion of the Bonds may be issued as "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code.

Section 2: This Resolution is intended to be, and shall constitute, evidence of the present intent of the County to issue and deliver the Bonds authorized hereby in accordance with the terms and provisions hereof. Notwithstanding the foregoing, nothing in this Resolution shall be deemed to constitute (a) an undertaking by the County to expend any of its funds (other than the proceeds from the sale of the Bonds, revenues derived from the Loan repayments made to the County on account of the Loan, and any other moneys made available to the County for such purpose) to effect the transactions described herein or (b) an assurance by the County as to the availability of one or more ready, willing and able purchasers for the Bonds or as to the availability of one or more purchasers of the Bonds to whom the Bonds may lawfully be sold under, among others, applicable federal and state securities and legal investment laws.

Section 3: As described in the Letter of Intent, 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 and the financing and refinancing of the Project; accordingly, the Borrower shall (a) negotiate and approve all financing and refinancing arrangements and (b) pay all costs incurred by or on behalf of the County in connection with the issuance and sale of the Bonds, the making of the Loan, including the administration thereof, and the financing and refinancing of the Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing and refinancing of the Project, including (without limitation) the fees and expenses of bond counsel, all costs incurred in connection with publication of notices of any public hearings to be held in connection therewith, and compensation to any other person (other than full-time employees of the County) performing services by or on behalf of the County in connection with the transactions contemplated by this Resolution, whether or not the proposed financing and refinancing is consummated.

Section 4: In addition to any bonds authorized to be issued by any other act of the County, the issuance, sale and delivery by the County of the Bonds, at one time or from time to time, and in one or more series, in an aggregate principal amount not to exceed Three Million

Five Hundred Thousand Dollars (\$3,500,000), are hereby authorized, subject to the provisions of the Act and this Resolution, all or a portion of which may be issued as bonds the interest on which is excludable from the gross income of the owners of such bonds for purposes of federal income taxation pursuant to Section 103 of the Code, subject to the provisions of this Resolution. The County will lend or otherwise make available the proceeds of the Bonds to the Borrower, as permitted by the Act, pursuant to the terms and provisions of a loan agreement to be entered into between the County and the Borrower (the "Loan Agreement"), to be used by the Borrower for the sole and exclusive purpose of financing and refinancing the Project to the extent permitted by the Act and the Code. The Bonds and the interest thereon shall be limited obligations of the County, repayable by the County solely from the revenue derived from Loan repayments (principal and interest) made to the County by the Borrower and from any other moneys made available to the County for such purpose. The maximum principal amount of Bonds which may be issued, sold and delivered pursuant to this Resolution is Three Million Five Hundred Thousand Dollars (\$3,500,000), unless such amount shall be increased by a resolution supplemental hereto.

Section 5: The County reserves the right, in its sole and absolute discretion, to (1) never issue the Bonds or to issue only a portion of the aggregate principal amount of the Bonds requested by the Borrower and (2) take any actions which it may deem necessary in order to ensure that the County (a) complies with all federal and State laws, whether proposed or enacted, which may apply to or restrict the issuance of its economic development revenue bonds, and (b) issues such bonds to finance or refinance facilities which the County determines, in its sole and absolute discretion, will provide the greatest benefit to the County. Specifically, the County reserves the right to choose to issue its economic development revenue bonds to finance or refinance facilities other than the Facilities, and to issue or not to issue such bonds at such times and in the order of priority which the President, in her sole and absolute discretion, may determine.

Section 6: The Bonds shall each be designated "County Commissioners of Charles County Economic Development Revenue Bond (Southern Maryland Christian Academy, Inc. Project)." The Bonds may be further identified by the year of issue and/or such other appropriate designations as the President may approve.

The Bonds shall mature on such date or dates as may be approved by the President; provided that the Bonds shall mature not later than 30 years from their date of issuance.

Each of the Bonds shall be executed in the name of the County and on its behalf by the manual or facsimile signature of the President. The seal of the County or a facsimile thereof shall be affixed to each of the Bonds, and attested by the manual or facsimile signature of the Clerk to the Board. If deemed appropriate by the President, each of the Bonds may also be authenticated by the manual or facsimile signature of a trustee, registrar or paying agent. At least one of such signatures on each Bond shall be a manual signature.

Section 7: If deemed advisable by the President, the County will enter into a trust or similar agreement (the "Trust Agreement") for the protection of the holders of the Bonds, pursuant to which the County will assign to a trustee or directly to the holders of the Bonds (among other things) (a) all of the County's right, title and interest in and to and remedies under the Loan Agreement, including (without limitation) any and all collateral referred to therein, excepting only the right of the County to indemnification by the Borrower, taxes paid by the

Borrower to the County and to payments to the County for the County's administrative fees or expenses, if any, (b) the receipts and revenues of the County from the Loan, and (c) all of the County's right, title and interest in and to and remedies under such documents as the President shall deem necessary or expedient to effectuate the issuance, sale and delivery of the Bonds.

Section 8: In connection with the transactions described herein, the President is hereby authorized and empowered, by executive order or otherwise:

(a) To accept the Letter of Intent, in order to further evidence the present intent of the County to participate in the financing and refinancing of the Project;

(b) To approve the form and provisions of, execute and deliver the Bonds, the Loan Agreement and the Trust Agreement;

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

(d) To specify, determine, prescribe and approve such matters, details, forms, documents, or procedures, including (without limitation) bond purchase agreements, deeds of trust, assignments and financing statements, and such other documents as are necessary or appropriate to effectuate the authorization, sale, security, issuance, delivery or payment of or for the Bonds and the making of the Loan.

Section 9: The terms, provisions, form and substance of any and all documents and instruments to be executed or entered into by or for the benefit of the County in connection with the transactions authorized by this Resolution, including all customary closing certificates and documents, shall also be subject to the approval of the County Attorney or the County Attorney's designee prior to the execution and delivery thereof by the appropriate official of the County.

Section 10: In satisfaction of the requirements of Section 147(f) of the Code, the County hereby approves the Bonds and the financing and refinancing of the Project.

Section 11: The President, the County Attorney, the County Administrator, the Director of Finance of the County and the Clerk to the Board, for and on behalf of the County, are hereby authorized and empowered to do all things, execute all instruments, and otherwise take all such action as the President may determine by executive order or otherwise to be necessary, proper or expedient to carry out the authority conferred by this Resolution, including (without limitation) the execution of a certificate and/or agreement pursuant to Section 148 of the Code and the U.S. Treasury Regulations prescribed thereunder, subject to the limitations set forth in the Act and this Resolution.

Section 12: The County may, from time to time, with such consent of the holders of the Bonds as may be required pursuant to the Trust Agreement, the Loan Agreement or any other document, agreement or instrument executed and delivered in connection with any of the Bonds (the "Documents"), adopt resolutions, as appropriate under the Act, supplemental to this Resolution for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Resolution or the Documents. Alternatively, if in the judgment of the President, the interests of the County shall not be adversely affected thereby, the

President, on behalf of the County, from time to time following the initial issuance of any of the Bonds, may give any consent or approval, take any action, make any determination, demand or request, or give any notice, direction or other communication provided for on the part of the County in the Documents, or negotiate, approve, execute and deliver any amendments, modifications or supplements to the Documents, or negotiate, approve, execute and deliver any additional documents, certificates or instruments deemed necessary or desirable to consummate or effect the transactions contemplated by this Resolution, the Bonds or the Documents; provided that, any of the foregoing shall be subject to any approval of the President and/or the Board as may be required pursuant to federal tax law.

Section 13: No covenant or agreement contained in this Resolution, the Bonds, the Documents or any other document, instrument or certificate executed, sealed or delivered in connection with the consummation of the transactions contemplated by this Resolution shall be deemed to be a covenant or agreement of any official, agent or employee of the County in his or her individual capacity; and none of the President, the members of the Board, the Clerk to the Board and any official, agent or employee of the County executing the Bonds or any of the aforesaid documents, instruments or certificates shall be subject to any personal liability or accountability by reason of the authorization, issuance, execution, sealing, acknowledgment or delivery of the same.

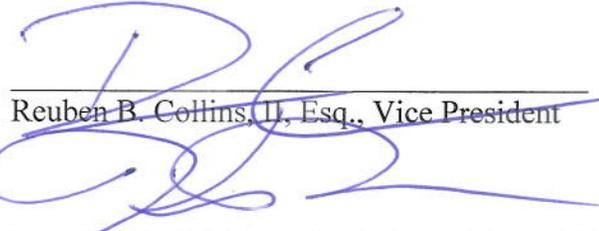
Section 14: Unless previously exercised, the authority to issue the Bonds contained in this Resolution shall expire on the date which is one (1) year from the effective date of this Resolution, unless such authority shall have been extended by a resolution supplemental hereto.

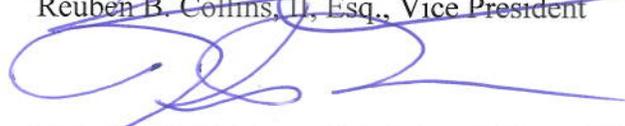
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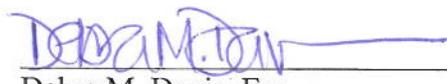
Section 13: In accordance with the Act, this Resolution takes effect immediately upon its adoption.

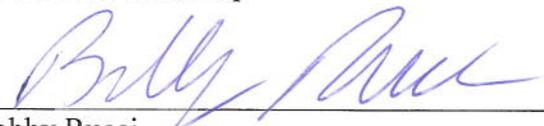
Adopted the 9<sup>th</sup> day of April, 2014.

  
Candice Quinn Kelly, President

  
Reuben B. Collins, II, Esq., Vice President

  
Ken Robinson

  
Debra M. Davis, Esq.

  
Bobby Rucci



**Southern Maryland Christian Academy**  
*Nurture. Train. Equip.*

February 11, 2014

County Commissioners of Charles County  
 200 Baltimore Street  
 P.O. Box 2150  
 La Plata, Maryland 20646  
 Attention: Mark Belton, County Administrator

Re: Proposed Financing for Southern Maryland Christian Academy, Inc.

Dear Mr. Belton:

Pursuant to and in accordance with the Maryland Economic Development Revenue Bond Act, Sections 12-101 to 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), Southern Maryland Christian Academy, Inc., a Maryland corporation (the "Borrower"), respectfully requests that County Commissioners of Charles County, a body corporate and politic and political subdivision of the State of Maryland, and a public body within the meaning of the Act (the "County"), participate in the financing and refinancing of the costs of the acquisition and improvement (within the meaning of the Act) of certain facilities (within the meaning of the Act) hereinafter described, located or to be located within the geographical boundaries of Charles County, Maryland, by issuing and selling its bonds (within the meaning of the Act), as its limited obligations and not upon its faith and credit or pledge of its taxing power, at any time or from time to time, and in aggregate principal amount not to exceed Three Million Five Hundred Thousand Dollars (\$3,500,000) (the "Bonds").

The Borrower proposes that the County lend the proceeds of the sale of the Bonds to the Borrower under one or more loan agreements. The Borrower will use the proceeds of the loan from the County for the purpose of *(a) constructing a 15,412 square foot multi purpose building with a gymnasium and classrooms, (b) refinance a \$1,400,000 first mortgage which was used to acquire the original school property in 1990, purchase the adjacent 10 acre parcel in 1999, and construct the high school campus in 2005 and (d) financing certain costs relating to the issuance of the Bonds and other related eligible costs (collectively, the "Project").*

The Facilities are used by the Borrower in its business of operating a *coed Christian private school*. The Borrower has been determined by the Internal Revenue Service to be an

[www.southernmarylandchristianacademy.com](http://www.southernmarylandchristianacademy.com)

9805 Faith Baptist Church Road, White Plains, MD 20695  
 PO Box 1668, White Plains, Maryland 20695 | Phone: 301-870-2550 | Fax: 301-934-2855

be an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The loan agreement or loan agreements (hereinafter, the "loan agreement") entered into with respect to the Bonds will require that (1) the proceeds of the Bonds be used solely to finance and refinance the costs (to the fullest extent permitted by the Act) of the Project, (2) the Borrower make payments which will be sufficient to enable the County to pay the principal of, premium, if any, and interest on the Bonds, when and as the same become due and payable, and (3) the Borrower indemnify the County for any liabilities of the County relating to the Bonds.

The Bonds shall be repayable by the County solely from the revenues derived from payments made to the County pursuant to the terms and provisions of the loan agreement, or from any other monies made available by the Borrower to the County for such purpose. The Borrower understands that the Bonds and the interest thereon (1) shall be limited obligations of the County, (2) are not debts or charges against the general credit or taxing power of the County within the meaning of any constitutional or charter provision or statutory limitation, and (3) 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 or any other public body (within the meaning of the Act) is pledged.

The Borrower believes that the issuance of the Bonds and the financing and refinancing of the Project will (i) enhance and expand educational services provided by the Borrower to the citizens of the County and the State; (ii) strengthen the ability of the Borrower as an educational institution to attract and educate students; and (iii) permit the Borrower to increase its professional and other staff, and, accordingly, will generally promote the purposes of the Act, by sustaining jobs and employment, thereby relieving conditions of unemployment in the State and the County, assisting in the retention of existing industry and commerce in the State and the County, and promoting the health, welfare and safety of the residents of the State and the County.

Financial considerations have been a factor leading to the decision by the Borrower to undertake the Project and that decision has been influenced materially by the availability of revenue bond financing from the County.

The Borrower acknowledges that federal legislation has been or may be enacted which may limit the ability of the County to issue the Bonds and similar obligations. The Borrower hereby acknowledges that the County reserves the right, in its sole and absolute discretion, to take any actions which the County may deem necessary in order to ensure that the County (a) complies with all federal and state laws, whether proposed or enacted, which may restrict the issuance of its economic development revenue bonds, and (b) issues such bonds to finance facilities which the County determines, in its sole and absolute discretion, will provide the greatest benefit to the County. Specifically, the County reserves the right to choose to issue its economic development revenue bonds for facilities other than the Project, and to issue or not to issue such bonds in the order of priority which the Board of County Commissioners of the

County (the "Board"), in its sole and absolute discretion, may determine.

It is expressly agreed and understood that 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 financing and refinancing of the costs of the Project and the Borrower shall pay all costs incurred by or on behalf of the County in connection with the issuance and sale of the Bonds, the making of the loan, including the administration thereof, and in connection with the financing and refinancing of the Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing and refinancing of the Project, including (without limitation) the fees and expenses of bond counsel, all costs incurred in connection with publication of notices of any public hearings to be held in connection therewith, and compensation to any other person (other than full-time employees of the County) performing services by or on behalf of the County in connection with the transactions contemplated by this letter of intent, including (without limitation) any trustee, bond registrar, paying agent, or escrow agent, whether or not the proposed financing and refinancing is consummated. All costs of financing and refinancing the Project in excess of the loan proceeds will be paid by the Borrower. The Borrower hereby agrees to indemnify and hold harmless the County and all of its employees, agents and representatives from any and all claims, damages, expenses, fees and costs of any nature whatsoever in connection with the financing or refinancing of the Project and the issuance of any Bonds.

The acquisition and improvement (within the meaning of the Act) of the Project will conform to the requirements of the Borrower. Accordingly, the Borrower shall (a) select, supervise and work with the suppliers and contractors that will design, provide, construct, improve, install and equip the Project and (b) negotiate and approve all contracts, drawings, specifications and all financing arrangements in connection with the Project.

The Borrower recognizes that (1) the County cannot make any guarantee, promise or assurance that the terms and conditions of the Bonds as actually authorized to be issued (including, without limitation, the principal amount and interest rate(s)) will be acceptable to the Borrower, (2) the County can give no guarantee, promise or assurance as to the availability of a ready, willing and able purchaser to whom the Bonds lawfully may be sold under, among others, applicable federal and state securities and legal investment laws, (3) the tax status of the Bonds, if issued, will be determined under federal and state laws which are not subject to the County's control and which may be changed without the County's knowledge or consent and that, consequently, the County can give no assurance and makes no representation that the Bonds, if issued, or the income therefrom, will be tax-exempt, and (4) the County makes no representation and offers no opinion on the appropriateness of having the Bonds issued to finance and refinance the Project in lieu of other financing alternatives or as to any benefit to the Borrower resulting from the issuance of the Bonds.

The Borrower understands that the proposal contained herein is subject to the approval of, and appropriate action by, the County, which action includes passage by the Board of a resolution

approving the issuance of the Bonds and certain related matters (the "Resolution") and approval by the President of the Board (the "President") or, as provided in the Resolution, such other duly authorized officers of the County, of all matters, details, forms, documents and procedures pertaining to the sale, security, issuance, delivery and payment of and for the Bonds and the use of the proceeds thereof as contemplated hereby and by the Resolution, including approval of detailed provisions of all documents relating to the Bonds as yet to be developed. The County's adoption of the Resolution and its acceptance of this letter of intent are intended solely to implement the financing and refinancing of the Project by the issuance and sale by the County of the Bonds. Neither the acceptance of this letter of intent nor the adoption of the Resolution shall constitute any assurance by the County that (i) the Borrower will have the ability to make payments sufficient to enable the County to repay the Bonds, (ii) the Project will be feasible, economically or otherwise, or (iii) the Project will be in compliance with applicable local, state or federal laws, nor shall it in any way indicate the approval of, or constitute any commitment for approval by, the County or any of its officers or employees of, any license, permit, application or any other request to the County with respect to the acquisition, construction or operation of the Project.

The Borrower understands that the Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

Thank you in advance for your consideration.

Very truly yours,

SOUTHERN MARYLAND CHRISTIAN ACADEMY, INC.

By:   
Matthew Gaines, SMCA Director