RESOLUTION NO. RS-2016- 01

A RESOLUTION AUTHORIZING AND EMPOWERING COUNTY COMMISSIONERS OF WASHINGTON COUNTY (THE "COUNTY"), PURSUANT TO AND IN ACCORDANCE WITH 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 REFUNDING REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $3,400,000, AND TO LOAN THE PROCEEDS FROM THE SALE OF SUCH BONDS TO SAINT JAMES SCHOOL, INCORPORATED (THE "BORROWER"), TO BE USED FOR THE PUBLIC PURPOSE OF REFINANCING COSTS OF THE ACQUISITION AND IMPROVEMENT OF CERTAIN FACILITIES (WITHIN THE MEANING OF THE ACT) LOCATED IN THE COUNTY AND USED BY THE BORROWER IN THE PROVISION OF COLLEGE PREPARATORY BOARDING AND DAY SCHOOL EDUCATION FOR GRADES 8-12 AND FINANCING OTHER COSTS PERMITTED BY THE ACT; SPECIFYING AND DESCRIBING THE FACILITIES TO BE REFINANCED; GENERALLY DESCRIBING THE PUBLIC PURPOSES TO BE SERVED AND THE REFINANCING TRANSACTION TO BE ACCOMPLISHED; AUTHORIZING THE PRESIDENT OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY, BY EXECUTIVE ORDER OR OTHERWISE, TO SPECIFY, PRESCRIBE, DETERMINE, PROVIDE FOR, OR APPROVE, CERTAIN MATTERS, DETAILS, FORMS, DOCUMENTS OR PROCEDURES NECESSARY OR DESIRABLE TO EFFECTUATE THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY AND PAYMENT OF AND FOR SUCH BONDS AND THE LENDING OF THE PROCEEDS THEREOF TO THE BORROWER; RESERVING CERTAIN RIGHTS IN THE COUNTY; AUTHORIZING CERTAIN OFFICIALS OF THE COUNTY TO MAKE CERTAIN ADDITIONAL DETERMINATIONS OR UNDERTAKE CERTAIN ACTIONS PRIOR TO OR SUBSEQUENT TO THE ISSUANCE OF THE BONDS; AUTHORIZING THE ACCEPTANCE OF THAT CERTAIN LETTER OF INTENT DELIVERED BY THE BORROWER TO THE COUNTY AS REQUIRED BY THE ACT; PROVIDING FOR THE DATE BY WHICH ANY BONDS MUST BE ISSUED UNDER AUTHORITY OF THIS RESOLUTION; PROVIDING THAT THE PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS AND THE LENDING OF THE PROCEEDS THEREOF TO THE BORROWER, AS REQUIRED OR PERMITTED BY THE ACT.

RECITALS

1. Sections 12-101 to 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as replaced, supplemented or amended, being the Maryland Economic Development Revenue Bond Act (the "Act"), empower any "public body" (as defined in the Act), at the request of a "facility applicant" (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 or otherwise provide

the proceeds of the sale of such bonds to a "facility user" (as defined in the Act) in order to "finance" (as defined in the Act, which includes "refinance") the costs of the acquisition or "improvement" (as defined in the Act) of a "facility" (as defined in the Act) for a facility user, including working capital, to refund outstanding bonds, to pay the costs of preparing, printing, selling, and issuing those bonds, to fund reserves, and to pay interest on such bonds in the amount and for the period the public body deems reasonable.

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

3. The Act provides that a public body may acquire or improve a facility with bond proceeds: (i) by leasing the facility to a facility user; (ii) by selling the facility to a facility user under an installment sale agreement; (iii) by lending bond proceeds to a facility user to be used to finance a facility; or (iv) in any other manner that the public body considers appropriate to accomplish the legislative purposes of the Act.

4. The Act provides that to implement the authority conferred upon it by the Act to issue bonds, the legislative body of a county or municipal corporation shall adopt a resolution that (i) specifies and describes the facility; (ii) generally describes the public purpose to be served and the financing transaction; (iii) specifies the maximum principal amount of the bonds that may be issued; and (iv) imposes terms or conditions on the issuance and sale of the bonds that it deems appropriate.

5. The Act provides that the legislative body of a county or municipal corporation, by resolution, may itself, or may authorize (i) its "finance board" (as defined in the Act), (ii) the "chief executive" (as defined in the Act), who shall act by executive order or otherwise, or (iii) any other appropriate administrative officer, who shall act by order or otherwise with the approval of the chief executive, to specify, determine, prescribe and approve matters, documents and procedures that relate to the authorization, sale, security, issuance, delivery and payment of and for the bonds; create security for the bonds; provide for the administration of bond issues through trust or other agreements with a bank or trust company that cover a countersignature on a bond, the delivery of a bond, or the security for a bond; and take other action considered appropriate concerning the bonds.

6. Pursuant to the provisions of the Act (as previously codified as Sections 14-101 to 14-109, inclusive, of Article 41 of the Annotated Code of Maryland) and a Resolution adopted by the Board of County Commissioners of Washington County (the "Board"), County Commissioners of Washington County, a body politic and corporate, a political subdivision of the State of Maryland and a "public body" within the meaning of the Act (the "County"), on December 20, 1999 issued its Washington County, Maryland Economic Development Revenue Bonds (Saint James School Project), Series 1999 in the original aggregate principal amount of

$5,000,000 (the "1999 Bonds"), and loaned the proceeds thereof to Saint James School, Incorporated (the "Borrower"). Proceeds of the 1999 Bonds were applied by the Borrower to finance certain costs of a project consisting of: (i) the construction, renovation and equipping of secondary school facilities, including construction of new kitchen and dining facilities; construction of a student dormitory with faculty apartments; renovation of existing gymnasium to provide fitness facilities; renovation and equipping of science labs; renovation of faculty apartments in existing dormitory facilities; and construction of replacement outdoor tennis courts; (ii) the acquisition and installation of necessary or useful equipment, machinery, furnishings and fixtures for the foregoing; (iii) the acquisition of other improvements or interests in land necessary or useful for the foregoing, including roads or other rights of access, utilities, and site preparation facilities; and (iv) the payment of certain costs of issuance of the 1999 Bonds. The facilities, improvements, personal property and interests in land generally described in clauses (i) through (iii) of the foregoing sentence are collectively referred to as the "Facility". The Facility is located within the corporate boundaries of the County.

7. The County has received a letter of intent from the Borrower, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting that the County issue and sell its bonds pursuant to the authority of the Act and loan the proceeds of the sale thereof to the Borrower, for the purpose of (1) refinancing costs (to the fullest extent permitted by the Act) of the acquisition and improvement of the Facility by effecting a refunding in whole or in part of the outstanding 1999 Bonds, (2) financing or reimbursing costs of issuance of such refunding bonds, (3) establishing reserves and/or (4) financing or reimbursing other eligible costs permitted by the Act, all to the fullest extent permitted by the Act (collectively, the "Refunding Project").

8. The Letter of Intent provides that the Facility is used by the Borrower in its capacity as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), for tax-exempt purposes in its activities of providing college preparatory boarding and day school education for boys and girls in Grades 8-12.

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

10. 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, its bonds (within the meaning of the Act), in one or more series at one time or from time to time, in an aggregate principal amount not to exceed Three Million Four Hundred Thousand Dollars ($3,400,000) (collectively, the "Bonds"), and to loan the proceeds of the Bonds (collectively, the "Loan") to the Borrower on the terms and conditions as hereinafter provided in order to finance costs of the Refunding Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY, THAT:

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

(a) The Recitals to this Resolution are incorporated by reference herein and deemed a substantive part of this Resolution. Capitalized terms used in this Resolution and not otherwise defined herein shall have the meanings given to such terms in the Recitals.

(b) 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" and a county 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 financing or refinancing the acquisition and "improvement" within the meaning of the Act of the Facility, which is a "facility" within the meaning of the Act, will facilitate the financing of costs of the Refunding Project by the Borrower. References in this Resolution to "acquire", "acquisition", "improve", "improvement", "finance" or any other term defined in the Act shall have the meanings given to such terms in the Act, as applicable. In addition, references in this Resolution to "finance" or "financing" shall be deemed to include to "refinance", "refinancing", "reimburse" or "reimbursement", as applicable.

(c) Based on representations of the Borrower set forth in the Letter of Intent, the issuance and sale of the Bonds by the County pursuant to the Act for the purpose of financing costs (to the fullest extent permitted by the Act) of the Refunding Project, will promote the declared legislative purposes of the Act by lowering the Borrower's annual operating costs, thereby (i) sustaining jobs and employment by retention of a significant number of jobs, thus relieving conditions of unemployment in the County and the State; (ii) assisting in the retention of existing industry and commerce and in the attraction of new industry and commerce in the County and the State; (iii) promoting economic development in the County and the State; and (iv) generally promoting the health, welfare and safety of the residents of the County and the State. To the extent the Bonds are issued as fixed rate bonds as anticipated, budgetary uncertainty will be eliminated with respect to the debt service component of the Borrower's annual budget cycle.

(d) AS PROVIDED IN THE ACT, THE BONDS AND THE INTEREST ON THEM (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 AND (II) MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE COUNTY. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY.

(e) AS PROVIDED IN THE ACT, THE BONDS AND THE INTEREST ON THEM SHALL BE LIMITED OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM THE REVENUES DERIVED FROM LOAN REPAYMENTS (BOTH PRINCIPAL AND INTEREST) MADE TO THE COUNTY (OR ITS ASSIGNEE) BY THE BORROWER ON ACCOUNT OF THE LOAN OR OTHER MONEY MADE AVAILABLE TO THE COUNTY FOR SUCH PURPOSE.

(f) As security for the Bonds, the County may enter into one or more agreements with a trustee for the benefit of the holder(s) of the Bonds or with the holder or holders of the

Bonds if no trustee is appointed for the purpose of assigning or pledging revenues or other security received in connection with the financing of costs of the Refunding Project. As further security for the Bonds, the County may assign to the trustee for the holder(s) of the Bonds or to the holder or holders of the Bonds if no trustee is appointed any interest in the Facility or other real or personal property that is granted to the County by the Borrower pursuant to a deed of trust, mortgage or similar instrument. Except for certain rights of the County to indemnification and to payments with respect to its administrative expenses, the entire revenues derived from payments on the Loan shall be set apart and applied to the payment of the principal of, premium, if any, and interest on the Bonds.

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

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

(i) The President of the Board of County Commissioners of Washington County (the "President" and the "Board", respectively) is the "chief executive" 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.

(j) The adoption of this Resolution shall not in any way indicate the approval of, or constitute any commitment for approval by, the County or any of its officials or employees of any license, permit, application or any other request to the County, if any, with respect to the zoning or other land use matters relating to the Facility or the operation of the Facility.

(k) The County accepts (i) the designation of the firm of Miles & Stockbridge P.C. as (A) bond counsel to render customary approving and tax opinions relating to the Bonds and (B) counsel to the currently intended bank purchaser of the Bonds, and (ii) the designation of the firm of Funk & Bolton, P.A. as issuer's counsel. To the extent the Bonds are issued in separate series from time to time, the President may provide in accordance with Section 5 of this Resolution for a different designation of bond counsel, counsel to any bank purchaser and/or issuer's counsel with respect to any subsequent series of the Bonds issued at a later time after the first series of the Bonds. In addition, to the extent none of the Bonds are issued to the currently intended bank purchaser, the President may provide in accordance with Section 5 of this

Resolution for a different designation of bond counsel (including designating any other roles such bond counsel may assume with respect to the transactions contemplated by this Resolution).

Section 2. The County is hereby authorized to issue, sell and deliver the Bonds, at any time and from time to time, in one or more series, in an aggregate principal amount not to exceed Three Million Four Hundred Thousand Dollars ($3,400,000), whether taxable or tax-exempt for purposes of the Code, pursuant to the Act and this Resolution, and each series of the Bonds shall be identified by the year of issue or by some other or additional appropriate designation. Any series of the Bonds may be issued as a single installment bond and, in such event, references in this Resolution to the Bonds shall be deemed to mean such single installment bond with respect to such series.

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

Section 4. The proceeds of the sale of the Bonds will be loaned by the County to the Borrower and shall be used by the Borrower solely for the purpose of financing costs of the Refunding Project to the fullest extent permitted by the Act, including to the extent permitted by the holder or holders of the Bonds, payment of the costs of preparing, printing, selling and issuing the Bonds, funding reserves, or payment of any other costs permitted by the Act. The Borrower shall own, use or manage, or provide for the ownership, use or management of, the Facility so as to remain a facility user within the meaning of the Act for as long as any of the Bonds remain outstanding and unpaid.

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

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

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

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

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

(v) may prepare and distribute, in conjunction with representatives of the Borrower and any prospective purchasers of or underwriters for the Bonds of any series, both a preliminary and a final official statement, offering memorandum or similar disclosure document in connection with the sale of the Bonds of any series, if determined to be necessary or desirable for the sale of the Bonds of such series, provided, however, that any such preliminary official statement, offering memorandum or similar disclosure document shall be clearly marked to indicate that it is subject to completion and amendment;

(vi) may execute and deliver a contract or contracts for the purchase and sale of the Bonds of any series (or any portion thereof) in form and content satisfactory to the President;

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

(viii) shall determine the method and the price for the sale of the Bonds of such series, as contemplated in Section 3 of this Resolution, and shall approve the terms of the sale of the Bonds of such series;

(ix) shall 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 of such series, including (without limitation) costs of printing (if any) and issuing the Bonds of such series, legal expenses (including the fees of bond counsel and issuer's counsel) and compensation to any person in connection with the issuance of the Bonds (other than full-time employees of the County);

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

(xi) shall do any and all things necessary, proper or expedient in connection with the issuance, sale and delivery of the Bonds of such series and in order to accomplish the legislative purposes of the Act and the public purposes of this Resolution, subject to the limitations set forth in the Act and any limitations prescribed by this Resolution.

Section 6. (a) The President or the Vice President of the Board (the "Vice President"), by his or her manual or facsimile signature, is hereby authorized and directed to execute the Bonds of any series in the name and on behalf of the County and to deliver the Bonds to the purchaser thereof. The corporate seal of the County shall be affixed on such Bonds and attested by the manual or facsimile signature of the County Clerk of the County (the "County Clerk") or other appropriate official. If any of the Bonds are required to be signed by a trustee, paying agent, registrar, fiscal agent or other agent or custodian, any other signature required or permitted to be placed upon the Bonds may be executed manually or by facsimile. Any such signature shall be made in accordance with the Act and other applicable Maryland law.

(b) The President or the Vice President is hereby authorized to execute, by his or her manual or facsimile signature, to deliver, in the name and on behalf of the County, and to cause the corporate seal of the County, attested by the manual or facsimile signature of the County Clerk or other appropriate official, to be affixed upon the Documents where required. Upon due execution, the Documents shall become binding upon the County in accordance with their respective terms, as authorized by the Act and this Resolution.

Section 7. The President, the Vice President, the County Administrator of the County (the "County Administrator"), the Chief Financial Officer of the County (the "Chief Financial Officer") and all other appropriate officials and employees of the County are hereby authorized and empowered to do any and all things, execute, acknowledge, seal and deliver such other and further instruments, supporting documents and certificates, and otherwise take any and all action, necessary, proper or expedient to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

Section 8. (a) 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 or the Refunding Project; accordingly, the Borrower shall negotiate and approve all financing arrangements in connection with the Refunding Project, and to the extent Bond proceeds are not available to pay the same, pay all costs incurred by or on behalf of the County in connection with the authorization, issuance and sale of the Bonds, the making of the Loan, including the administration thereof, and the financing of costs of the Refunding Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing, including (without limitation) the fees and expenses of bond counsel and issuer's counsel, 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, including, without limitation, any trustee, bond registrar or paying agent for the Bonds, whether or not the proposed financing is consummated. The County shall have no liability or responsibility for the payment of any such fees and expenses.

(b) 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 Bonds and the Documents may provide that no trustee for the holder(s) of the Bonds or the holder(s) of the Bonds, as applicable, shall look to the County for damages suffered by such holder(s) of the Bonds as a result of a failure of the County to perform any covenant, undertaking or obligation under the Bonds or the Documents, nor as a result of the incorrectness of any representation made by the County in the Bonds or the Documents. Although this Resolution recognizes that the Bonds and the Documents shall not give rise to pecuniary liability of the County, nothing contained in this Resolution, the Bonds or the 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 or its officials, employees or agents) in any court or before any governmental body, agency or instrumentality, or otherwise against the County or any of its officials or employees to enforce the provisions of the Bonds or the Documents.

(c) Although the Documents may provide that the County shall have the right to seek remedies in the event of certain events of default as stated therein, it is contemplated that the County will assign such right to take action to the trustee for the holder(s) of the Bonds or, if there is no such trustee, the holder(s) of the Bonds (excluding with respect to any reserved rights of the County), in order to implement the purposes and intent of the Act, namely to facilitate the refinancing of costs of the acquisition and improvement of the Facility by the Borrower without the County incurring any pecuniary liability or obligation. 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 holder(s) of the bonds, in all instances in which the trustee for holder(s) of the Bonds may act and determines that action is appropriate. In any case, where action by any trustee for the holder(s) of the Bonds or the holder(s) of the Bonds themselves requires simultaneous or subsequent action by the County, the County will cooperate with such trustee or holder(s) of the Bonds and take any and all action necessary to effectuate the purposes and intent of this Resolution, the Bonds and the Documents. The Documents shall provide that the Borrower, the trustee or the holder(s) of the Bonds, as applicable, shall pay those costs in order to avoid any direct or indirect pecuniary burden on the County.

Section 9. (a) It is the present intention of the County and the Borrower that any series of the Bonds shall be issued on a tax-exempt basis, unless prohibited by the Code. Reference in this Section 9 to the Bonds is intended to apply only to the Bonds of any series the interest on which is exempt from federal income taxation.

(b) Any one or more of the President, the Vice President and the Chief Financial Officer shall be the officer or officers of the County responsible for the issuance of the Bonds within the meaning of Section 1.148-2(b)(2) of the Arbitrage Regulations (as hereinafter defined) and shall also be the officers of the County responsible for the execution and delivery (on the date of issuance of the Bonds) of a certificate of the County (the "Issuer's Certificate as to Arbitrage") which, in the opinion of bond counsel whose opinions are generally accepted in the field of municipal finance, complies with the requirements of Section 148 of the Code ("Section 148") and the applicable regulations thereunder (the "Arbitrage Regulations"), and the President, the Vice President and the Chief Financial Officer, or any two or more of such officials acting in concert, are each hereby authorized and directed to execute the Issuer's Certificate as to Arbitrage and to deliver the same to bond counsel on the date of the issuance of the Bonds.

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

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

Section 10. The County may, from time to time and at any time, with such consent of the trustee for the holder(s) of the Bonds or the holder(s) of the Bonds, as applicable, as may be required pursuant to the Documents, adopt resolutions, as appropriate under the Act, supplemental to this Resolution for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Resolution or the Documents. Alternatively, before or after the issuance of the Bonds of any series, regardless of the date on which such Bonds are issued, the President is hereby authorized and empowered, by executive order or otherwise, to supplement the executive order provided for in Section 5 of this Resolution and thereby approve on behalf of the County 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 or to provide for the same. In addition, if in the judgment of the President, the County Administrator or the Chief Financial Officer, the interests of the County shall not be adversely affected thereby, the President, the County Administrator or the Chief Financial Officer, on behalf of the County, from time to time or at any time following the initial issuance of any series 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. All of the foregoing shall be subject to any approval of the Board and/or the President as may be required pursuant to federal tax law.

Section 11. The Bonds may not give rise to any pecuniary liability of the County. 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 individual capacity; and none of the President, the Vice President, the members of the Board, the County Administrator, the Chief Financial Officer, the County Clerk nor any official, agent or employee of the County executing the Bonds, the Documents or any of the aforesaid documents, instruments or certificates shall be subject to any personal liability or accountability by reason of the authorization, issuance, execution, sealing, acknowledgment or delivery of the same.

Section 12. The President, the County Administrator and the Chief Financial Officer are each hereby designated to be an authorized representative of the County for any and all purposes required or permitted by the Act, this Resolution or the Documents.

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

Section 14. (a) This Resolution is intended to be, and shall constitute, evidence of the present intention of the County to issue and deliver the Bonds in accordance with the terms and provisions hereof, for the purpose of facilitating the refinancing by the Borrower of the costs of acquisition and improvement of the Facility. Notwithstanding the foregoing, nothing in this Resolution shall be deemed to constitute (i) 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 (ii) 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.

(b) The County and the Borrower contemplate that the Borrower may proceed with plans for the Refunding Project upon the adoption of this Resolution and prior to the issuance, sale and delivery of the Bonds; provided, however, that if the Borrower proceeds with such financing prior to the determinations of the President as provided for in Section 5 of this Resolution, it does so at its own risk.

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

Section 15. Unless previously exercised, the authority to issue the Bonds contained in this Resolution shall expire on December 31, 2016, unless such authority shall have been extended by a resolution supplemental hereto.

Section 16. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

Section 17. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held or determined to be illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances. It is hereby declared to be the intent of the County that this Resolution would have been adopted if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section or part had not been included herein, and if the person or circumstances to which this Resolution or any part hereof are inapplicable had been specifically exempted herefrom, provided however, notwithstanding anything contained in this Section, neither the faith and credit nor the taxing power of the County shall be deemed pledged hereby, and the County shall not hereby incur any 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 the transactions authorized hereby shall not give rise to any pecuniary liability of the County.

Section 18. This Resolution shall take effect from the date of its adoption. Pursuant to Section 12-111(e) of the Act, this Resolution is administrative in nature, is not subject to procedures required for legislative acts and is not subject to referendum.

[CONTINUED ON FOLLOWING PAGE]

Adopted this 26th day of January, 2016.

(SEAL)

ATTEST:

Vicki C. Lumm
Vicki C. Lumm
County Clerk

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

By: Terry L. Baker
Terry L. Baker, President
Board of County Commissioners
of Washington County

Approved as to form and legal sufficiency:

John M. Martirano
County Attorney

#183248;50052.029

EXHIBIT A

LETTER OF INTENT

[See Attached]

SAINT JAMES SCHOOL

FROM THE HEADMASTER:
The Revd. D. Stuart Dunnan, D. Phil.

January 14, 2016

County Commissioners of Washington County
100 W. Washington Street, Room 226
Hagerstown, Maryland 21740
Attention: County Administrator

Re: Proposed Refunding of Washington County, Maryland Economic Development Revenue Bonds (Saint James Project), Series 1999

Ladies and Gentlemen:

Saint James School, Incorporated (the "Borrower"), respectfully requests that County Commissioners of Washington County, 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 refinancing of the acquisition and "improvement" (within the meaning of the Act) by the Borrower of certain "facilities" (within the meaning of the Act) identified below, by authorizing, issuing and selling its revenue bond or bonds in one or more series in an aggregate principal amount not to exceed Three Million Four Hundred Thousand Dollars ($3,400,000.00) (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 the provisions of 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 replaced, supplemented or amended (the "Act"), or such other statutory authority as may exist when the Bonds are issued. It is intended that this letter, if accepted by the County, shall constitute a "letter of intent" as contemplated by the Act.

The Act empowers, among other public bodies, all the counties and municipal corporations of the State of Maryland (the "State") to borrow money by issuing negotiable revenue bonds and to loan the proceeds of the sale thereof to a "facility user" (as defined in the Act) to "finance", among other activities, the acquisition and "improvement" of any "facility" (each as defined in the Act). The Borrower is a "facility applicant" and a "facility user" within the meaning of the Act. The Facility identified herein constitutes a "facility" as defined in the Act. As defined in the Act, "finance" includes "refinance", and references in this letter of intent to "finance" shall be deemed to include references to "reimburse" or "refinance". The Act provides that bonds may be issued pursuant to the provisions thereof to refund other bonds. Any terms which are used in this letter of intent and also defined in the Act are intended to have the meanings given to such terms in the Act, unless otherwise expressly provided herein.

The proposed undertaking consists of and includes the (1) refunding in whole or in part of the outstanding Washington County, Maryland Economic Development Revenue Bonds (Saint James School Project), Series 1999 that were originally issued in the aggregate principal amount of $5,000,000 (the "1999 Bonds"), (2) financing or reimbursement of costs of issuing the Bonds, (3) the establishment of reserves and/or (4) the payment of other eligible costs permitted by the Act, all to the fullest extent permitted by the Act (collectively, the "Refunding Project"). The 1999 Bonds were issued pursuant to the provisions of the Act as then codified. By undertaking the Refunding Project, the Borrower will be effecting the refinancing of the acquisition and improvement of the Facility identified below and the financing of other costs permitted by the Act.

The 1999 Bonds were issued to finance certain costs of a project consisting of: (i) the construction, renovation and equipping of secondary school facilities, including construction of new kitchen and dining facilities; construction of a student dormitory with faculty apartments; renovation of existing gymnasium to provide fitness facilities; renovation and equipping of science labs; renovation of faculty apartments in existing dormitory facilities; and construction of replacement outdoor tennis courts; (ii) the acquisition and installation of necessary or useful equipment, machinery, furnishings and fixtures for the foregoing; (iii) the acquisition of other improvements or interests in land necessary or useful for the foregoing, including roads or other rights of access, utilities, and site preparation facilities; and (iv) the payment of certain costs of issuance of the 1999 Bonds. The facilities, improvements, personal property and interests in land generally described in clauses (i) through (iii) of the foregoing sentence are collectively referred to as the "Facility". The Facility is located within the corporate boundaries of the County.

The Facility is used by the Borrower in its capacity as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), for tax-exempt purposes in its activities of providing college preparatory boarding and day school education for boys and girls in Grades 8-12.

The Borrower proposes that the County lend the proceeds of the sale of the Bonds (referred to herein as the "loan") to the Borrower under one or more loan agreements (by whatever name known, referred to collectively herein as the "loan agreement"). The loan agreement will require the Borrower (1) use the proceeds of the loan for the sole and exclusive purpose of financing costs of the Refunding Project, (2) make loan payments (both principal and interest) sufficient to pay the principal of and interest and redemption or prepayment premium, if any, on the Bonds, as the same become due and payable, (3) pay 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, and (4) indemnify the County for any liabilities of the County relating to the Bonds and the transactions contemplated by the loan agreement. The loan agreement and any corresponding trust indenture or similar agreement and any other documents providing security for the Bonds, will contain such other provisions as may be required by law and as may be agreed to by the Borrower, the County, any trustee, bond registrar and paying agent for the Bonds and the purchaser(s) of the Bonds, as applicable, as permitted by law.

The Bonds shall be limited obligations of the County, the principal of, premium, if any, and interest on which shall be payable solely from the revenue derived from loan repayments (both principal and interest) payable to the County by the Borrower pursuant to the terms and provisions of the loan agreement or other money made available 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 or the County or any other public body is pledged.

The purpose of the Refunding Project is to lower annual operating costs. The 1999 Bonds were issued as variable rate bonds. If the Bonds are issued as fixed rate bonds as anticipated, budgetary uncertainty will be eliminated due to the locking-in of a fixed interest rate. The Borrower believes that the issuance, sale and delivery of the Bonds by the County and the attendant refinancing of costs of the acquisition and improvement of the Facility through the Refunding Project will (i) enhance the educational opportunities provided by the Borrower to its students by reducing the costs of existing capital improvements thereby making funds available for other purposes and (ii) permit the Borrower to undertake planned reinvestment in the Facility and maintain its current student census and professional and other staff and, accordingly, will generally promote the declared legislative purposes of the Act by (1) sustaining jobs and employment by the retention of a significant number of jobs, thus relieving conditions of unemployment in the County and the State; (ii) assisting in the retention of existing industry and commerce and in the attraction of new industry and commerce in the County and the State; (iii) promoting economic development in the County and the State; and (iv) generally promoting the health, welfare and safety of the residents of the County and the State.

Financial considerations have been a factor leading to the Borrower's intention to refinance the costs of acquisition and improvement of the Facility. The Borrower has investigated the availability and feasibility of conventional financing for the Refunding Project. The decision of the Borrower to refinance costs of the acquisition and improvement of the Facility has been materially influenced by the availability of economic development revenue bond financing from the County.

The Borrower intends that the interest payable on the Bonds shall be excludable from the gross income of the owners of the Bonds for purposes of federal income taxation pursuant to Section 103 of the Code. Notwithstanding such intention, the Borrower understands that the ability of the County to issue the Bonds on such a tax-exempt basis is subject to previous actions or inactions of the Borrower with respect to the 1999 Bonds and the Facility, the expectations of the Borrower with respect to the use of the proceeds of the Bonds and the enactment of federal legislation that may limit the ability of the County to issue the Bonds on such a tax-exempt basis.

It is further understood and agreed to by the Borrower that the proposal contained herein is subject to: (a) the approval and appropriate action by the Board of County Commissioners of the County (the "Board") and the President of the Board of County Commissioners of the County (the "President"), as applicable; and (b) the approval of the detailed provisions of all documents pertaining to the Refunding Project as yet to be developed, including (without limitation) the loan agreement. The acceptance of this letter of intent by the County shall be evidence of the bona fide present intention, but not the commitment, of the County to authorize the issuance, sale and delivery of the Bonds and to authorize the loan for the purposes described herein; provided, however, that the Borrower recognizes that:

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

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

3. The ability of the County to issue any Bonds as tax-exempt obligations depends in large measure upon prior and prospective compliance by the Borrower with applicable provisions of the Code and regulations promulgated thereunder, and such provisions may be changed without the County's knowledge or consent and, therefore, 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 costs of the Refunding Project in lieu of other financing alternatives or as to any benefit to the Borrower resulting from the issuance of the Bonds.

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

The Board's adoption of any such bond authorizing resolution providing for the issuance and sale of the Bonds and its acceptance of this letter of intent are intended solely to implement the Refunding Project contemplated hereby. The acceptance of this letter of intent, the adoption by the Board of an authorizing resolution and any other approvals of one or more County officials given in accordance with the provisions of the Act shall not constitute any assurance by the County that (a) the Borrower will have the ability to make payments sufficient to provide for the repayment of the Bonds, (b) the Facility is feasible, economically or otherwise, or (c) the Facility is or will be in compliance with applicable State, local or federal laws, nor shall it in any way indicate the approval of, or constitute any commitment for approval by, the County or any of its officials, officers or employees of any license, permit, application or any other request to the County, if any, with respect to the zoning or other land use matters relating to the Facility or the operation of the Facility.

The Borrower hereby agrees 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 refinancing of costs of the acquisition and improvement of the Facility; accordingly, the Borrower shall (a) negotiate and approve all financing arrangements in connection with Refunding Project, and (b) to the extent Bond proceeds are not available to pay the same, pay all costs incurred by or on behalf of the County in connection with the authorization, issuance and sale of the Bonds, the making of the loan, including the administration thereof, and the financing of costs of the Refunding Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed Refunding Project, including (without limitation) the fees and expenses of bond counsel and issuer's counsel, 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 or paying agent for the Bonds, whether or not the proposed Refunding Project is consummated. The County shall have no liability or responsibility for the payment of any such fees and expenses.

The Borrower hereby agrees to indemnify and hold harmless the County and all of its officials, officers, employees, agents and representatives from any and all claims, damages, expenses, fees and costs of any nature whatsoever in connection with the issuance of any Bonds and the financing of costs of the Refunding Project.

Nothing contained in this letter of intent shall be deemed to constitute an undertaking by the County to expend any of its funds to effect any or all of the transactions contemplated by this letter of intent.

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

The Borrower agrees to use its best efforts to complete the Refunding Project contemplated by this letter of intent.

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

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

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

The Borrower accepts, and understands that by execution of this letter of intent, the County has accepted (i) the designation of the firm of Miles & Stockbridge P.C. as (A) bond counsel to render customary approving and tax opinions relating to the Bonds and (B) counsel to the intended bank purchaser of the Bonds, and (ii) the designation of the firm of Funk & Bolton, P.A. as issuer's counsel.

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]

Thank you in advance for your consideration.

Very truly yours,

SAINT JAMES SCHOOL, INCORPORATED

By:______________________________

The Rev. Dr. D. Stuart Dunnan, Headmaster

[CONTINUED ON FOLLOWING PAGE]

Accepted by the President of the Board of County Commissioners of Washington County this ____________________ day of ________________________, 2016, pursuant to a Resolution passed by the Board of County Commissioners of Washington County on __________________________, 2016.

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

By:____________________________________
Terry L. Baker
President of the Board of County
Commissioners