RESOLUTION NO. RS-2020-16

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 REVENUE BONDS IN ONE OR MORE SERIES IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $165,000,000, AND TO LOAN THE PROCEEDS FROM THE SALE OF SUCH BONDS TO HOMEWOOD AT WILLIAMSPORT MD, INC. AND HOMEWOOD AT FREDERICK MD, INC. (COLLECTIVELY, THE "MARYLAND OBLIGATED GROUP") TO BE USED FOR THE PUBLIC PURPOSE OF REFINANCING AND FINANCING COSTS OF THE ACQUISITION AND IMPROVEMENT OF CERTAIN FACILITIES (WITHIN THE MEANING OF THE ACT) LOCATED IN THE COUNTY AND IN FREDERICK COUNTY, MARYLAND AND USED BY THE MARYLAND OBLIGATED GROUP AS CONTINUING CARE RETIREMENT COMMUNITIES TOGETHER WITH OTHER COSTS PERMITTED BY THE ACT; SPECIFYING AND DESCRIBING THE FACILITIES TO BE REFINANCED AND FINANCED; GENERALLY DESCRIBING THE PUBLIC PURPOSES TO BE SERVED AND THE 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 MARYLAND OBLIGATED GROUP; 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 MARYLAND OBLIGATED GROUP 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 MARYLAND OBLIGATED GROUP, 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 sale and issuance 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 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"), issued its Washington County, Maryland Variable Rate Demand Revenue Bonds (Homewood at Williamsport Facility) Series

2007 in the original aggregate principal amount of $12,000,000 (the "2007 Bonds"). Proceeds of the 2007 Bonds were loaned by the County to Homewood at Williamsport MD, Inc. ("Homewood Williamsport"), Homewood Retirement Centers of the United Church of Christ, Inc. (now known as Homewood Retirement Centers, Inc. and, hereinafter, "HRC") and Homewood Foundation, Inc. (the "Foundation" and, collectively with Homewood Williamsport and HRC, the "Prior Williamsport Borrower") and were applied to finance, reimburse or refinance (1) the demolition of a portion of the existing nursing home located on the approximately 29 acre parcel of land on the Williamsport Campus identified below and site work; (2) the acquisition and construction of an approximately 72,000 square foot building located on the Williamsport Campus and other campus improvements; (3) the acquisition and installation of necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; (4) the acquisition of other improvements or interests in land as were necessary or useful for the foregoing; and (5) costs of issuance, capitalized interest and other costs permitted by the Act.

7. Pursuant to the provisions of the Act and a resolution adopted by the Board, the County issued its County Commissioners of Washington County Variable Rate Demand Revenue Bonds (Homewood at Williamsport Facility), Series 2011 in the original aggregate principal amount of $9,425,000 (the "2011 Bonds"). Proceeds of the 2011 Bonds were loaned by the County to the Prior Williamsport Borrower and were applied to finance, reimburse or refinance (1) the renovation of the remaining portion of the previous nursing facility (health care center) located on the Williamsport Campus, including (without limitation) asbestos removal and gutting of the interior, to create approximately 35 new apartments containing approximately 67,960 aggregate square feet; (2) the remodeling of the exterior of the building; (3) the acquisition and installation of necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; and (4) costs of issuance, capitalized interest and other costs permitted by the Act.

8. Pursuant to the provisions of the Act and a resolution adopted by the Board of County Commissioners of Frederick County (the "Frederick Board"), County Commissioners of Frederick County (now known as Frederick County, Maryland and, hereinafter, "Frederick County"), issued its Frederick County, Maryland Variable Rate Demand/Fixed Rate Revenue Bonds (Homewood at Frederick MD, Inc. Facility) 1997 Issue in the original aggregate principal amount of $20,450,000 (the "1997 Bonds"). Proceeds of the 1997 Bonds were loaned by Frederick County to Homewood at Frederick MD, Inc. ("Homewood Frederick"), HRC and the Foundation (collectively, the "Prior Frederick Borrower") and were applied to finance, reimburse or refinance (1) the acquisition, construction and improvement of the retirement care community on the Frederick Campus identified below consisting of (a) a 120-bed skilled nursing facility containing approximately 63,300 square feet, (b) a 31-bed assisted living facility containing approximately 18,200 square feet, (c) 122 apartments containing approximately 141,600 square feet, and (d) related support elements; and (2) costs of issuance, capitalized interest and other costs permitted by the Act.

9. Pursuant to the provisions of the Act and a resolution adopted by the Frederick Board, Frederick County issued its Frederick County, Maryland Retirement Facilities Mortgage Revenue Bond (Homewood at Willow Ponds Facility) 2014 Issue in the original principal amount of $86,000,000 (the "2014 Bond" and, collectively with the 2007 Bonds, the 2011 Bonds and the 1997 Bonds, the "Prior Bonds"). Proceeds of the 2014 Bond were loaned by Frederick County to the Prior Frederick Borrower and were applied to finance, reimburse or refinance (1) the

acquisition and improvement on the Frederick Campus of (a) infrastructure, grading, road and site improvements, (b) approximately 100 cottages, (c) an 85-unit apartment facility containing approximately 169,435 square feet, (d) a community center containing approximately 54,932 square feet, (e) an underground parking garage containing approximately 52,967 square feet, and (f) necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; (2) other improvements or interests in land necessary or useful for the foregoing; and (3) costs of issuance, capitalized interest and other costs permitted by the Act.

10. The County has received a letter of intent from Homewood Williamsport and Homewood Frederick (collectively, the "Maryland Obligated Group"), a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting that the County sell and issue its bonds pursuant to the authority of the Act in one or more series from time to time in an original aggregate principal amount not to exceed $165,000,000 and loan the proceeds of the sale thereof to the Maryland Obligated Group, for the purpose of (1) refunding in whole or in part the then-outstanding Prior Bonds; (2) refinancing a taxable loan from M&T Bank used to finance a portion of the construction and acquisition of approximately 18 independent living units on the Frederick Campus; (3) financing (a) the remaining portion of the construction and acquisition of approximately 49 independent living units on the Frederick Campus, (b) certain additional improvements and renovations to the continuing care retirement community on the Frederick Campus, (c) certain improvements and renovations to the continuing care retirement community on the Williamsport Campus, (d) necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing, and (e) any other improvements or interests in land as may be necessary or useful for the foregoing; (4) funding any necessary reserves for such bonds; and (5) financing or reimbursing costs of issuance of such bonds and any other costs that are permitted by Section 12-110(b) of the Act (the undertakings referred to in clauses (1)-(5) being referred to collectively as the "Project"). By undertaking the Project, the Maryland Obligated Group will be effecting the refinancing and financing of the acquisition and improvement of the Facilities identified in Recital 11 below and the financing of other costs permitted by the Act.

11. The Facilities consist of and include (1) the facilities and improvements the costs of which were financed, reimbursed or refinanced from proceeds of the 2007 Bonds and the 2011 Bonds, which are part of a continuing care retirement community known as Homewood at Williamsport that is located at 16505 Virginia Avenue, Williamsport, Maryland 21795 (the "Williamsport Campus"), (2) the improvements and renovations to be undertaken with respect to the continuing care retirement community on the Williamsport Campus using proceeds of the requested bonds, together with any other improvements or interests in land as may be necessary or useful in connection therewith to be funded from proceeds of the requested bonds (the foregoing identified in clause (1) and this clause (2) being collectively referred to as the "Williamsport Facilities"), (3) the facilities and improvements the costs of which were financed, reimbursed or refinanced from proceeds of the 1997 Bonds and the 2014 Bond, which are part of a continuing care retirement community known as Homewood at Frederick that is located at 7407 Willow Road, Frederick, Maryland 21702 (the "Frederick Campus"), (4) the approximately 67 independent living units to be financed and refinanced from proceeds of the requested bonds, and (5) the additional improvements and renovations to be undertaken with respect to the continuing care retirement community on the Frederick Campus using proceeds of the requested bonds, together with any other improvements or interests in land as may be necessary or useful in connection

therewith to be funded from proceeds of the requested bonds (the foregoing identified in clauses (3) and (4) and this clause (5) being collectively referred to as the "Frederick Facilities" and, together with the Williamsport Facilities, collectively as the "Facilities").

12. The Letter of Intent provides that the Facilities are and will be used by the members of the Maryland Obligated Group in their respective capacities as 501(c)(3) organizations, within the meaning of Section 150(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), for tax-exempt purposes in their activities of owning and operating continuing care retirement communities and related amenities.

13. The Letter of Intent provides that it is expected that interest on any such bonds shall be excludable from gross income of the holders thereof for federal income tax purposes, and a public hearing concerning the issuance of such bonds and the location and nature of the Facilities has been held following reasonable public notice (within the meaning of Section 147(f) of the Code) as required by the Code.

14. The Maryland Obligated Group 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.

15. 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 original aggregate principal amount not to exceed One Hundred Sixty-Five Million Dollars ($165,000,000) (collectively, the "Bonds"), and to loan the proceeds of the Bonds (collectively, the "Loan") to the Maryland Obligated Group on the terms and conditions as hereinafter provided in order to refinance and finance costs of the 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) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the code of public local laws of the County, as replaced, supplemented or amended (the "County Code"), or other applicable law or authority to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the County Code or other applicable law or authority, (iii) to any person who serves in a "deputy," "associate" or "assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the County Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the County Code, the official, however known, who is charged under the County Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) 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 Maryland Obligated Group, a "facility applicant" and a "facility user" within the meaning of the Act, for the sole and exclusive purpose of financing the acquisition and "improvement" within the meaning of the Act of the Facilities, which are each a "facility" within the meaning of the Act, will facilitate the financing of costs of the Project by the Maryland Obligated Group. 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" or similar terms shall be deemed to include "refinance", "refinancing", "reimburse" or "reimbursing" or similar terms, as applicable.

(d) Based on representations of the Maryland Obligated Group set forth in the Letter of Intent, the sale and issuance 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 Project, will fix the debt service component of the Maryland Obligated Group's annual operating costs, which will (1) enhance the senior care provided by the Maryland Obligated Group to the residents of the Williamsport Campus and the Frederick Campus, (2) permit the Maryland Obligated Group to expand the resident census at the Frederick Campus, increase employment by the creation of a significant number of temporary (construction period) jobs and the addition of several permanent positions at the Frederick Campus, and sustain employment through a restructuring of the Maryland Obligated Group's overall debt and, accordingly, will generally promote the declared legislative purposes of the Act by (i) 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. 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 Maryland Obligated Group's annual budget cycles.

(e) 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.

(f) 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 MARYLAND OBLIGATED

GROUP ON ACCOUNT OF THE LOAN OR OTHER MONEY MADE AVAILABLE TO THE COUNTY FOR SUCH PURPOSE.

(g) As security for the Bonds, the County may enter into one or more agreements with a trustee, a paying agent or an escrow agent for the benefit of the holder(s) of the Bonds or with the holder or holders of the Bonds if no trustee, paying agent or escrow agent is appointed for the purpose of assigning or pledging revenues or other security received in connection with the financing of costs of the Project. As further security for the Bonds, the County may assign to the trustee, the paying agent or the escrow agent for the holder(s) of the Bonds or to the holder or holders of the Bonds if no trustee, paying agent or escrow agent is appointed any interest in the Facilities or other real or personal property that is granted to the County by the Maryland Obligated Group or any member thereof 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.

(h) The proceeds of the Loan will be paid directly to, and will be disbursed by, the trustee, the paying agent or the escrow agent for the benefit of the holder(s) of the Bonds or by the holder or holders of the Bonds if no trustee, paying agent or escrow agent 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 Project by the Maryland Obligated Group.

(i) The County will acquire and retain no interest in the Facilities, 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 Maryland Obligated Group). Any such security interest in favor of the County shall be assigned to the trustee, the paying agent or the escrow agent for the benefit of the holder(s) of the Bonds or to the holder or holders of the Bonds if no trustee, paying agent or escrow agent is appointed.

(j) 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.

(k) 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 subdivision plat, license, permit, application or any other request to the County, if any, with respect to the zoning, land use, design, construction, development or other matters relating to the Facilities or the operation of the Facilities.

(l) 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 Maryland Obligated Group, 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(a) of this Resolution for a different designation of bond counsel 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, including if any such counsel serves as counsel to more than one party in the transaction.

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 original aggregate principal amount not to exceed One Hundred Sixty-Five Million Dollars ($165,000,000), 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. Each series of the Bonds may be comprised of any form of obligation authorized by the Act. Any series of the Bonds may be issued as a single bond and, in such event, references in this Resolution to the Bonds shall be deemed to mean such single bond with respect to such series. Any bond may be issued in installment or draw-down form.

Section 3. It is hereby determined that the best interests of the County and the Maryland Obligated Group will be served by selling the Bonds of any series (i) by such method of sale as may be satisfactory to the President and the Maryland Obligated Group, including by negotiated underwriting, in a direct purchase transaction, by competitive sale or by other permissible means and (ii) for a price at, above or below par as determined in accordance with Section 5(a)(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 Maryland Obligated Group and shall be used by the Maryland Obligated Group solely for the purpose of financing costs of the 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 Maryland Obligated Group shall own, use or manage, or provide for the ownership, use or management of, the Facilities 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. The County has been advised that currently Homewood Williamsport owns, operates and manages the components of the Facilities located on the Williamsport Campus and Homewood Frederick owns, operates and manages the components of the Facilities located on the Frederick Campus.

Section 5. (a) Prior to the sale, issuance 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 or approve a trustee, a bond registrar, and/or a paying agent or agents for the Bonds of such series, an escrow agent and/or a verification consultant, and one or more underwriters or other purchasers of 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) master trust indentures, trust indentures, supplemental trust indentures, escrow agreements, assignments, mortgages, deeds of trust, guaranties and security instruments to which the County is a party and which may be necessary to effectuate the sale, issuance and delivery of the Bonds of such series (collectively, the "Documents");

(v) may prepare and distribute, in conjunction with representatives of the Maryland Obligated Group and any prospective underwriters for or purchasers of 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, sale, issuance 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 Maryland Obligated Group of all costs, fees and expenses incurred by or on behalf of the County in connection with the sale, issuance 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) may make any other determinations not in violation of the Act and may do any and all things necessary, proper or expedient in connection with the sale, issuance 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.

(b) The County hereby elects that any financing statement, amendment to financing statement, continuation statement, termination statement, correction statement or any other applicable or similar filing concerning the security for the Bonds be made by electronic filing, unless electronic filing of the applicable instrument is prohibited by applicable law at the relevant time.

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 sale and issuance of the Bonds, the making of the Loan or the Project; accordingly, the Maryland Obligated Group shall negotiate and approve all financing arrangements in connection with the 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, sale and issuance of the Bonds, the making of the Loan, including the administration thereof, and the financing of costs of the Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed transaction, including (without limitation) the fees and expenses of bond counsel and issuer's 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, including, without limitation, any trustee, bond registrar or paying agent for the Bonds and any escrow agent or verification consultant, 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, paying agent or escrow agent 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, the paying agent or the escrow agent for the holder(s) of the Bonds or, if there is no such trustee, paying agent or escrow agent, 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 financing of costs of the acquisition and improvement of the Facilities by the Maryland Obligated Group without the County incurring any pecuniary liability or obligation. Accordingly, if a trustee, a paying agent or an escrow agent is appointed for such purpose, such trustee, paying agent or escrow agent 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, the paying agent or the escrow agent for holder(s) of the Bonds may act and determines that action is appropriate. In any case where action by any trustee, paying agent or escrow agent 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, paying agent or escrow agent 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 Maryland Obligated Group, the trustee, the paying agent or the escrow agent 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.

<u>Section 9</u>. (a) It is the present intention of the County and the Maryland Obligated Group 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. The Issuer's Certificate as to Arbitrage may be part of a certificate executed and delivered by the Maryland Obligated Group and/or any other appropriate party pursuant to the Code and the Arbitrage Regulations.

(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 Maryland Obligated Group), 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 Maryland Obligated Group) 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 Maryland Obligated Group.

(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 that are applicable to the Bonds on the date of issuance of any Bonds and that may subsequently lawfully be made applicable to the Bonds.

(e) Any one or more of the President, the Vice President and the Chief Financial Officer is hereby authorized and empowered to approve and execute such supporting documents, additional certificates or instruments or information returns as may be required or permitted under the Code and the Arbitrage Regulations and to make any designations, determinations or elections provided for under the Code or the Arbitrage Regulations on behalf of the County, which designations, determinations or elections may be reflected in the Issuer's Certificate as to Arbitrage or other appropriate documentation.

Section 10. The County may, from time to time and at any time, with such consent of the trustee, the paying agent or the escrow agent 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, the Bonds 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 approve on behalf of the County any amendments, modifications or supplements to the Bonds or 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 Bonds or 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 or her 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. Pursuant to the Act, the County will have no obligation under the Act, the Bonds or the Documents to use County funds to pay debt service on or to prepay or redeem the Bonds, or to pay any other costs incurred in connection with the enforcement of remedies, whether or not the Maryland Obligated Group is in default with respect to its obligations under the Bonds or the Documents.

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 financing by the Maryland Obligated Group of the costs of acquisition and improvement of the Facilities. 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 any 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. Notwithstanding any references in this Resolution to the Bonds being payable from loan repayments made to the County, it is intended that the Maryland Obligated Group will make debt service payments directly to the holders of the Bonds or to a trustee, a paying agent or an escrow agent acting on behalf of the holder(s) of the Bonds.

(b) The County and the Maryland Obligated Group contemplate that the Maryland Obligated Group may proceed with activities relating to the Project upon the adoption of this Resolution and prior to the sale, issuance and delivery of the Bonds; provided, however, that if the Maryland Obligated Group so proceeds prior to the determinations of the President as provided for in Section 5(a) 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 Facilities, 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 original aggregate principal amount of the Bonds requested by the Maryland Obligated Group, (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. Prior to the adoption of this Resolution, a public hearing on the proposed financing of the costs of acquisition and improvement of the Facilities and other costs permitted by Section 12-110(b) of the Act and the issuance of the Bonds in connection therewith was held before the Board in accordance with law and Section 147(f) of the Code. The Board hereby ratifies, approves and confirms the publication on behalf of the County of the notice of that public hearing that was given in accordance with law and Section 147(f) of the Code. As the "applicable elected representative" of the County within the meaning of Section 147(f) of the Code and the regulations promulgated thereunder, the Board, after giving due consideration to the sustainability of jobs, the potential for increased economic development activities and the health, safety and welfare of residents of the County and the State to be achieved through the issuance of the Bonds, hereby approves the issuance of the Bonds and the use of the proceeds of the Bonds to finance costs of the Project for the purposes of Section 147(f) of the Code by adoption of this Resolution.

Section 16. Unless previously exercised, the authority to issue the Bonds contained in this Resolution shall expire on the date that is one (1) year from the effective date of this Resolution, unless such authority shall have been extended by a resolution supplemental hereto.

Section 17. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

Section 18. 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 19. 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 21st day of July, 2020.

(SEAL)

ATTEST:

Krista L. Hart
County Clerk

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

By: Jeffrey A. Cline
President, Board of County Commissioners of Washington County

Approved as to form and legal sufficiency:

Kirk C. Downey
County Attorney

#216345;50052.043

EXHIBIT A

LETTER OF INTENT

[See Attached]

HOMEWOOD AT WILLIAMSPORT MD, INC.
16505 VIRGINIA AVENUE
WILLIAMSPORT, MARYLAND 21795

HOMEWOOD AT FREDERICK MD, INC.
7407 WILLOW ROAD
FREDERICK, MARYLAND 21702

July 7, 2020

County Commissioners of Washington County
100 W. Washington Street, Suite 1101
Hagerstown, Maryland 21740
Through: Kirk C. Downey, Interim County Administrator

Re: Proposed Refunding and New Money Bonds for the Homewood at Williamsport and Homewood at Frederick Continuing Care Retirement Communities

Ladies and Gentlemen:

Homewood at Williamsport MD, Inc. ("Homewood Williamsport") and Homewood at Frederick MD, Inc. ("Homewood Frederick" and, collectively with Homewood Williamsport, the "Maryland Obligated Group"), respectfully request that County Commissioners of Washington County, a body politic and corporate, a political subdivision of the State of Maryland (the "State"), and a "public body" within the meaning of the Act identified below (the "County"), participate in the refinancing and financing of the acquisition and "improvement" (within the meaning of the Act) by the Maryland Obligated Group of certain "facilities" (within the meaning of the Act) identified below, by authorizing, selling and issuing its economic development revenue bond or bonds in one or more series from time to time in an original aggregate principal amount not to exceed One Hundred Sixty-Five Million Dollars ($165,000,000.00) (the "Bonds"). References to the Bonds in this letter of intent shall be construed to refer to the issuance of any bonds, notes or other evidences of obligation, in whatever form and by whatever name known, as permitted by the Act. The Bonds may be tax-exempt and/or taxable for federal income tax purposes. Any such series of the Bonds may consist of a single bond. Any bond may be issued in installment form and/or draw-down form. 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" (as defined in the Act) 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 Maryland Obligated Group is a "facility applicant" and a "facility user" within the meaning of the Act. The Facilities identified herein each constitute a "facility" as defined in the Act. As defined in the Act, "finance" includes "refinance", and references in this letter of intent to "finance" and similar words shall be deemed to include references to "reimburse" or "refinance" and similar words. 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 (1) refunding in whole or in part the then-outstanding (a) Washington County, Maryland Variable Rate Demand Revenue Bonds (Homewood at Williamsport Facility) Series 2007 issued in the original aggregate principal amount of $12,000,000 (the "2007 Bonds"), (b) County Commissioners of Washington County Variable Rate Demand Revenue Bonds (Homewood at Williamsport Facility), Series 2011 issued in the original aggregate principal amount of $9,425,000 (the "2011 Bonds"), (c) Frederick County, Maryland Variable Rate Demand/Fixed Rate Revenue Bonds (Homewood at Frederick MD, Inc. Facility) 1997 Issue issued in the original aggregate principal amount of $20,450,000 (the "1997 Bonds"), and (d) Frederick County, Maryland Retirement Facilities Mortgage Revenue Bond (Homewood at Willow Ponds Facility) 2014 Issue issued in the original principal amount of $86,000,000 (the "2014 Bond" and, collectively with the 2007 Bonds, the 2011 Bonds and the 1997 Bonds, the "Prior Bonds"); (2) refinancing a taxable loan from M&T Bank used to finance a portion of the construction and acquisition of approximately 18 independent living units on the Frederick Campus identified below; (3) financing (a) the remaining portion of the construction and acquisition of approximately 49 independent living units on the Frederick Campus, (b) certain additional improvements and renovations to the continuing care retirement community on the Frederick Campus, (c) certain improvements and renovations to the continuing care retirement community on the Williamsport Campus identified below, (d) necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing, and (e) any other improvements or interests in land as may be necessary or useful for the foregoing; (4) funding any necessary reserves for the Bonds; and (5) financing or reimbursing costs of issuance of the Bonds and any other costs related to the transaction that are permitted by Section 12-110(b) of the Act (the undertakings referred to in clauses (1)-(5) being referred to collectively as the "Project"). By undertaking the Project, the Maryland Obligated Group will be effecting the refinancing and financing of the acquisition and improvement of the Facilities identified below and the financing of other costs permitted by the Act.

Proceeds of the 2007 Bonds were applied to finance, reimburse or refinance (1) the demolition of a portion of the existing nursing home located on the approximately 29 acre parcel of land on the Williamsport Campus and site work; (2) the acquisition and construction of an approximately 72,000 square foot building located on the Williamsport Campus and other campus improvements; (3) the acquisition and installation of necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; (4) the acquisition of other improvements or interests in land as were necessary or useful for the foregoing; and (5) costs of issuance, capitalized interest and other costs permitted by the Act.

Proceeds of the 2011 Bonds were applied to finance, reimburse or refinance (1) the renovation of the remaining portion of the previous nursing facility (health care center) located on the Williamsport Campus, including (without limitation) asbestos removal and gutting of the interior, to create approximately 35 new apartments containing approximately 67,960 aggregate square feet; (2) the remodeling of the exterior of the building; (3) the acquisition and installation of necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; and (4) costs of issuance, capitalized interest and other costs permitted by the Act.

Proceeds of the 1997 Bonds were applied to finance, reimburse or refinance (1) the acquisition, construction and improvement of the retirement care community on the Frederick Campus consisting of (a) a 120-bed skilled nursing facility containing approximately 63,300 square feet, (b) a 31-bed assisted living facility containing approximately 18,200 square feet, (c) 122 apartments containing approximately 141,600 square feet, and (d) related support elements; and (2) costs of issuance, capitalized interest and other costs permitted by the Act.

Proceeds of the 2014 Bond were applied to finance, reimburse or refinance (1) the acquisition and improvement on the Frederick Campus of (a) infrastructure, grading, road and site improvements, (b) approximately 100 cottages, (c) an 85-unit apartment facility containing approximately 169,435 square feet, (d) a community center containing approximately 54,932 square feet, (e) an underground parking garage containing approximately 52,967 square feet, and (f) necessary and useful equipment, machinery, furnishings and fixtures in connection with the foregoing; (2) other improvements or interests in land necessary or useful for the foregoing; and (3) costs of issuance, capitalized interest and other costs permitted by the Act.

The Facilities consist of and include (1) the facilities and improvements the costs of which were financed, reimbursed or refinanced from proceeds of the 2007 Bonds and the 2011 Bonds, which are part of a continuing care retirement community known as Homewood at Williamsport that is located at 16505 Virginia Avenue, Williamsport, Maryland 21795 (the "Williamsport Campus"), (2) the improvements and renovations to be undertaken on the Williamsport Campus using proceeds of the Bonds, together with any other improvements or interests in land as may be necessary or useful in connection therewith to be funded from proceeds of the Bonds (the foregoing identified in clause (1) and this clause (2) being collectively referred to as the "Williamsport Facilities"), (3) the facilities and improvements the costs of which were financed, reimbursed or refinanced from proceeds of the 1997 Bonds and the 2014 Bond, which are part of a continuing care retirement community known as Homewood at Frederick that is located at 7407 Willow Road, Frederick, Maryland 21702 (the "Frederick Campus"), (4) the approximately 67 independent living units to be financed, reimbursed and refinanced from proceeds of the Bonds, and (5) the additional improvements and renovations to be undertaken on the Frederick Campus using proceeds of the Bonds, together with any other improvements or interests in land as may be necessary or useful in connection therewith to be funded from proceeds of the Bonds (the foregoing identified in clauses (3) and (4) and this clause (5) being collectively referred to as the "Frederick Facilities" and, together with the Williamsport Facilities, collectively as the "Facilities").

The Williamsport Facilities are and will be initially owned and operated by Homewood Williamsport and located within the corporate boundaries of the County. The Williamsport Facilities are and will be used by Homewood Williamsport 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 owning and operating continuing care retirement communities and related amenities.

The Frederick Facilities are and will be initially owned and operated by Homewood Frederick and located within the corporate boundaries of Frederick County, Maryland ("Frederick County"). The Frederick Facilities are and will be used by Homewood Frederick 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 owning and operating continuing care retirement communities and related amenities.

The Act does not require that bonds issued pursuant to the Act be applied to finance the acquisition and improvement of facilities located solely within the issuer's jurisdiction. Homewood Retirement Centers, Inc. (previously known as Homewood Retirement Centers of the United Church of Christ, Inc. and referred to herein as "HRC") was a co-borrower with certain related entities of proceeds of the Prior Bonds. In an effort to restructure the outstanding debt relating to the Facilities and remove itself and Homewood Foundation, Inc. as co-borrowers while enhancing its owner/operator affiliates' borrowing power, HRC desires to create an obligated group structure in the states where its affiliates operate, and has proposed that Homewood Williamsport and Homewood Frederick form the Maryland Obligated Group. HRC, the parent company of the Maryland Obligated Group members, is located in the County and provides management oversight for all Homewood subsidiaries (including those located in Pennsylvania), including centralized payroll, billing, purchasing, accounts payable, human resources, regulatory and accounting. Because HRC and the Williamsport Campus are located in the County, the Maryland Obligated Group is requesting that the County issue the Bonds for purposes of the Project.

The Maryland Obligated Group proposes that the County lend the proceeds of the sale of the Bonds (referred to herein as the "Loan") to the Maryland Obligated Group under one or more loan agreements (by whatever name known, including (without limitation) a loan and financing agreement or a similar agreement, referred to collectively herein as the "Loan Agreement"). The Loan Agreement will require the Maryland Obligated Group to (1) use the proceeds of the Loan for the sole and exclusive purpose of refinancing and financing costs of the 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 sale and issuance 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 master trust indenture, trust indenture, supplemental 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 Maryland Obligated Group, the County, any trustee, bond registrar, paying agent or escrow agent for the Bonds and the purchaser(s) of the Bonds, as applicable, as permitted by law. One or more series of the Bonds are expected to be sold by negotiated sale in a negotiated underwriting and one or more series of the Bonds may be sold in a direct purchase transaction, but the final determination of any such method of sale will occur at a later date.

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 by the Maryland Obligated Group pursuant to the terms and provisions of the Loan Agreement or other money made available to the County for such purpose. The Maryland Obligated Group 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 is pledged.

The purpose of the Project is to achieve interest rate savings, fix the debt service component of annual operating costs (certain of the Prior Bonds bear interest at a variable rate), and, with respect to the components of the Project that involve the acquisition and improvement of new facilities and improvements, to finance or refinance such costs at rates more favorable than those obtainable from conventional financing. If the Bonds are issued as fixed rate bonds as anticipated, budgetary uncertainty will be eliminated due to the locking-in of fixed interest rates.

The Maryland Obligated Group believes that the sale, issuance and delivery of the Bonds by the County, the attendant refinancing of costs of the acquisition and improvement of that portion of the costs of the Facilities previously financed or refinanced from proceeds of the Prior Bonds, and the refinancing, financing or reimbursement of costs of the acquisition and improvement of facilities and improvements currently underway or to be funded from proceeds of the Bonds at the Williamsport Campus and the Frederick Campus will (1) enhance the senior care provided by the Maryland Obligated Group to the residents of the Williamsport Campus and the Frederick Campus, (2) permit the Maryland Obligated Group to expand the resident census at the Frederick Campus, increase employment by the creation of a significant number of temporary (construction period) jobs and the addition of several permanent positions at the Frederick Campus, and sustain employment through a restructuring of the Maryland Obligated Group's overall debt and, accordingly, will generally promote the declared legislative purposes of the Act by (i) 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 Maryland Obligated Group's intention to refinance and finance the costs of acquisition and improvement of the Facilities. The Maryland Obligated Group has investigated the availability and feasibility of conventional financing for the Project. The Maryland Obligated Group has received proposals for the sale of the Bonds through a negotiated underwriting and through a direct purchase transaction. Even if the Maryland Obligated Group does not close on a financing pursuant to any of the proposals received to date, the Maryland Obligated Group has been advised by its financial advisor that it can receive terms more favorable than those available through conventional financing by pursuing a transaction in the nature of the proposed Bonds. The decision of the Maryland Obligated Group to refinance and finance costs of the acquisition and improvement of the Facilities has been materially influenced by the availability of economic development revenue bond financing from the County under the Act or other applicable law.

The Maryland Obligated Group 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 Maryland Obligated Group 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 Maryland Obligated Group with respect to the Prior Bonds and the existing Facilities, the expectations of the Maryland Obligated Group 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 Maryland Obligated Group that the proposal contained herein is subject to: (a) a public hearing to be held by the County following prior published notice in a newspaper of general circulation in Washington County; (b) 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 (c) the approval of the detailed provisions of all documents pertaining to the Project as yet to be developed, including (without limitation) the Loan Agreement. The issuance of any Bonds for the components of the Project allocable to the Frederick Campus is further subject to (a) a public hearing held or to be held by the applicable elected representative of Frederick County (within the meaning of Section 1.147(f)-1 of the regulations promulgated under the Code), and (b) the approval and appropriate action by the applicable elected representative of Frederick County. 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 sale, issuance and delivery of the Bonds and to authorize the Loan for the purposes described herein; provided, however, that the Maryland Obligated Group 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 Maryland Obligated Group;

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 Maryland Obligated Group with applicable provisions of the Code and the 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 refinance and finance costs of the Project in lieu of other financing alternatives or as to any benefit to the Maryland Obligated Group resulting from the issuance of the Bonds.

Prior to the issuance of any of the Bonds, in accordance with the Act, the Board must 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 to be necessary or desirable to effect the refinancing and financing of costs of the 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 sale and issuance of the Bonds and its acceptance of this letter of intent are intended solely to implement the 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 Maryland Obligated Group will have the ability to make payments sufficient to provide for the repayment of the Bonds, (b) the Facilities are or will be feasible, economically or otherwise, (c) the portion of the Facilities that have not been completed will be completed, or (d) the Facilities are 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 subdivision plat, license, permit, application or any other request to the County, if any, with respect to the zoning, land use, design, construction, development or other matters relating to the Facilities or the acquisition, improvement or operation of the Facilities.

The Maryland Obligated Group hereby agrees that the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the authorization, sale and issuance of the Bonds, the making of the Loan, the acquisition and improvement of the components of the Facilities that have not been completed or the refinancing and financing of costs of the acquisition and improvement of the Facilities; accordingly, the Maryland Obligated Group shall (a) select and work with the suppliers and contractors that will provide, construct, equip and otherwise improve the components of the Facilities that have not been completed, and negotiate and approve all contracts, construction plans and specifications, (b) negotiate and approve all refinancing and financing arrangements in connection with the Project, and (c) to the extent Bond proceeds are not available to pay the costs referred to in clauses (a) and (b), pay all costs incurred by or on behalf of the County in connection with the authorization, sale and issuance of the Bonds, the making of the Loan, including the administration thereof, and the refinancing and financing of costs of the Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed 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 and any escrow agent or verification consultant, whether or not any Bonds are issued or the proposed Project is consummated. The County shall have no liability or responsibility for the payment of any such fees and expenses. The Maryland Obligated Group further acknowledges and agrees that the County shall have no responsibility or liability for any costs incurred by Frederick County in connection with the transactions contemplated by this letter of intent, including (without limitation) fees or expenses incurred by professionals retained by Frederick County.

The Maryland Obligated Group 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 refinancing or financing of costs of the Project, activities relating to the acquisition and improvement of the Facilities, the issuance of any Bonds and other related costs permitted by the Act.

The Maryland Obligated Group agrees to pay to the County an issuer's fee of $100,000.00.

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. The Maryland Obligated Group understands, acknowledges and agrees that, pursuant to the Act, the County has no obligation under the Act and will have no obligation under any documents relating to the Bonds, if issued, to use County funds to pay debt service on or to prepay or redeem the Bonds, or to pay any other costs incurred in connection with the enforcement of remedies, whether or not the Maryland Obligated Group is in default with respect to its obligations under the Bonds or such documents.

While any acceptance by the County of this letter of intent will evidence the County's present intention to issue the Bonds, the Maryland Obligated Group 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 refinance or finance the acquisition and improvement of those facilities that 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 Facilities, and in such order of priority as it may determine in its sole and absolute discretion. Accordingly, if the Maryland Obligated Group proceeds with the Project before the County finally determines to issue the Bonds, the Maryland Obligated Group does so at its own risk.

The Maryland Obligated Group agrees to use its best efforts to complete the Project contemplated by this letter of intent.

If at any time the Maryland Obligated Group decides not to proceed with the Project, it will promptly notify the Interim 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 Maryland Obligated Group agrees that all certifications (including opinions of the Maryland Obligated Group's counsel) required by bond counsel for the transaction 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 Maryland Obligated Group expects that the Bonds will be issued within one (1) year of the date of adoption by the Board of any authorizing resolution, and acknowledges that if the Bonds are not so issued by the applicable one year date, any authorizing resolution will expire by its terms unless extended by the County by supplemental resolution, which decision as to the granting or denial of such extension shall be in the sole and absolute discretion of the Board.

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

The Maryland Obligated Group 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 Maryland Obligated Group, and (ii) the designation of the firm of Funk & Bolton, P.A. as issuer's counsel.

The obligations of the Maryland Obligated Group under this letter of intent shall be joint and several with respect to the members of the Maryland Obligated Group.

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; any such counterparts circulated in such manner shall be treated as originals for all purposes.

The Maryland Obligated Group gratefully acknowledges the County's participation in the proposed transaction to date, including the County's agreement to hold a public hearing regarding the proposed issuance of the Bonds and the publication of notice of such public hearing.

#216346;50052.043

Thank you in advance for your consideration.

Very truly yours,

HOMEWOOD AT WILLIAMSPORT MD, INC.

By: ______________________
Candace McMullen
President
(Authorized Signatory)

HOMEWOOD AT FREDERICK MD, INC.

By: ______________________
Candace McMullen
President
(Authorized Signatory)

[CONTINUED ON FOLLOWING PAGE]

Accepted by the President of the Board of County Commissioners of Washington County this ____________________ day of ________________________, 2020, pursuant to a Resolution passed by the Board of County Commissioners of Washington County on ____________________________, 2020.

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

By:________________________________
Jeffrey A. Cline
President of the Board of County
Commissioners