

RESOLUTION NO. RS-2022-36

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY APPROVING THE ISSUANCE BY THE TOWN OF SMITHSBURG (THE "TOWN"), PURSUANT TO THE MARYLAND ECONOMIC DEVELOPMENT REVENUE BOND ACT (THE "ACT"), OF THE TOWN'S ECONOMIC DEVELOPMENT REVENUE BOND OR BONDS IN ONE OR MORE SERIES FROM TIME TO TIME IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIVE MILLION SIX HUNDRED THOUSAND DOLLARS (\$5,600,000.00), IN ORDER TO LEND THE PROCEEDS THEREOF TO BROOK LANE HEALTH SERVICES, INC., A NONPROFIT MARYLAND CORPORATION (THE "BORROWER"), SOLELY FOR THE PURPOSE OF FINANCING OR REFINANCING THE COSTS OF THE ACQUISITION AND IMPROVEMENT OF CERTAIN FACILITIES (WITHIN THE MEANING OF THE ACT) DESCRIBED HEREIN, TO BE USED BY THE BORROWER IN ITS TAX-EXEMPT PURPOSE ACTIVITIES; GENERALLY DESCRIBING AND APPROVING SUCH FACILITIES AND THE ISSUANCE OF SUCH BONDS; GENERALLY DESCRIBING THE PUBLIC PURPOSES TO BE SERVED BY SUCH FACILITIES; PROVIDING THAT THE PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION THEREWITH.

RECITALS

Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended, being the Maryland Economic Development Revenue Bond Act (the "Act"), empower any public body (as defined in the Act) to issue and sell bonds (as defined in the Act), as its limited obligations and not upon its faith and credit or pledge of its taxing power, at any time and from time to time, and to loan the proceeds of the sale of such bonds to one or more facility users (as defined in the Act) for the purposes of financing or refinancing any costs of the acquisition and improvement (as defined in the Act) of one or more facilities (as defined in the Act) for one or more facility users, including the necessary expenses of preparing, printing, selling, and issuing those bonds, the funding of reserves, and the payment of interest with respect to financing such acquisition and improvement in such amounts, or for such periods, as the public body deems reasonable.

The Act states the declared legislative purpose of the General Assembly of Maryland to be to (1) relieve conditions of unemployment in the State of Maryland (the "State"); (2) encourage the increase of industry and commerce and a balanced economy in the State; (3) assist in the retention of existing industry and commerce and in the attraction of new industry and commerce in the State through, among other things, the development of ports and 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.

The Town of Smithsburg (the "Town") has received a request from Brook Lane Health Services, Inc. (the "Borrower"), an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and a facility applicant and a facility user within the meaning of the Act, for the Town to participate in the financing or refinancing of the costs of certain facilities (within the meaning of the Act) more particularly described in such

request by authorizing, issuing and selling its revenue bond or bonds in one or more series from time to time in an aggregate principal amount not to exceed Five Million Six Hundred Thousand Dollars (\$5,600,000.00) (in any such case, the "Bonds") and lending the proceeds of the sale thereof (the "Loan") to the Borrower.

The facilities (within the meaning of the Act) to be financed or refinanced will consist generally of (a) refinancing existing indebtedness of the Borrower, the proceeds of which were used to pay the costs of (i) constructing, equipping, furnishing and renovating the Borrower's existing hospital facilities located on approximately 114 acres of land owned by the Borrower located in Washington County and known as 13218 Brook Lane Drive, Hagerstown, Maryland 21742 and (ii) acquiring an electronic medical record ("EMR") system; (b) financing the costs of acquiring and installing a new EMR system in an amount of approximately \$1,500,000; and (c) financing certain costs relating to the issuance of the Bonds and other related eligible costs (collectively, the "Project"). The facilities and improvements referred to in clauses (a) and (b) of the definition of the Project (collectively, the "Facilities") are located outside of the geographical boundaries of the Town, but are located in an unincorporated area within the geographical boundaries of Washington County, Maryland.

On November 22, 2022, the Council of the Town, following a public hearing as required by Section 147(f) of the Code, adopted a resolution authorizing the issuance and sale of the Bonds and the financing and refinancing of costs of the Project by the Borrower.

Because the Facilities are located outside the geographical boundaries of the Town, Section 147(f) of the Code provides that prior to the issuance of any of the Bonds by the Town, the elected legislative body or chief elected executive officer of the county or municipality in which the Project to be financed or refinanced with the proceeds of the Bonds is to be located shall conduct a public hearing relating to the Bonds and the location and nature of the Facilities and, thereafter, approve the Bonds and the Project.

The Borrower has requested in a letter to the Board of County Commissioners of Washington County, a copy of which is attached hereto as Exhibit A (the "Request Letter"), that County Commissioners of Washington County (the "County"), following a public hearing as required by Section 147(f) of the Code, approve the Project and the issuance of the Bonds by the Town. In the Request Letter, the Borrower identifies the purposes of the Act to be achieved through the issuance of the Bonds and the financing or refinancing of the costs of the Project.

The County has held a public hearing concerning the issuance of the Bonds and the location and nature of the Facilities following reasonable public notice (within the meaning of Section 147(f) of the Code).

The County has determined, based upon the findings and determinations hereinafter set forth, that it is in the best interests of the citizens of the County that the County approve the financing and refinancing of costs of the Project by the Town by approving the Project and the issuance of the Bonds by the Town.

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

SECTION 1. That 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. References in this Resolution to “finance” or similar terms shall be construed to also refer to “reimburse” or similar terms, to the extent applicable.

SECTION 2. That, based on the Request Letter, it is hereby found and determined that the Project and the financing and refinancing of the costs thereof by the Town will (i) enhance and expand health care provided by the Borrower to the citizens of the Town, the County and the State; (ii) strengthen the ability of the Borrower as a health care institution to attract and care for patients; and (iii) permit the Borrower to maintain its professional and other staff, and, accordingly, will generally promote the purposes of the Act, by sustaining jobs and employment, thereby relieving conditions of unemployment in the Town, the County and the State, assisting in the retention of existing industry and commerce in the Town, the County and the State, and promoting the health, welfare and safety of the residents of the Town, the County and the State. Accordingly, it is in the interests of the public welfare of the citizens of the County and the State that the County approve the financing or refinancing by the Town of the costs of the Project.

SECTION 3. That the County hereby approves:

- (a) the Project; and
- (b) the issuance by the Town from time to time of one or more series of the Bonds in an aggregate principal amount not to exceed \$5,600,000, the proceeds of which may be used by the Town to make the Loan to the Borrower for the purpose of financing or refinancing the costs of the Project.

SECTION 4. That neither the Bonds nor the interest thereon shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any constitutional or charter provision or statutory limitation and neither shall ever constitute or give rise to any pecuniary liability of the County. The Bonds shall not constitute an indebtedness to which the faith and credit of the County is pledged. The Bonds and the interest on them shall be limited obligations of the Town, and the principal of, premium, if any, and interest on the Bonds shall be payable solely from revenues or moneys to be received in connection with the financing or refinancing of the costs of the Project or from any other moneys made available to the Town for such purpose.

SECTION 5. That the Bonds shall be authorized, issued, sold and delivered without direct or indirect cost to the County, and to that end, the Borrower shall pay all necessary expenses of preparing, printing, selling, and issuing the Bonds and all other costs and expenses contemplated and permitted by the Act, including without limitation, any and all costs, fees and expenses (including, without limitation, attorneys’ fees and expenses) incurred by or on behalf of the County in connection with this Resolution, the publication of notices of any public hearings to be held in connection herewith, and the development and execution of any closing certificates of the County deemed necessary or desirable in connection with any issuance of the Bonds, whether or not the proposed financing is consummated.

SECTION 6. That 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 with respect to the acquisition and improvement (within the meaning of the Act) of the Facilities or the operation of the Facilities.

SECTION 7. That no further action of the County is necessary to effect the financing or refinancing by the Town of costs of the Project or the completion of the transactions contemplated in this Resolution, including without limitation, the issuance of the Bonds; provided that, (i) the President or, in the absence or disability of the President, the Vice President of the Board of the County Commissioners, on behalf of the County, is hereby authorized to sign the Request Letter in order to evidence the County's acceptance of the Request Letter and (ii) the appropriate officials of the County are hereby authorized and empowered to negotiate, approve, execute and deliver any certificates deemed necessary or desirable by bond counsel to the Town or counsel to the County in connection with any issuance of the Bonds.

SECTION 8. That it is hereby acknowledged and understood that Funk & Bolton, P.A., bond counsel to the County, which is representing the County in connection with the subject matter of this Resolution, is also serving as issuer's counsel to the Town in connection with the issuance of the Bonds.

SECTION 9. That the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 10. That this Resolution shall take effect from the date of its adoption.

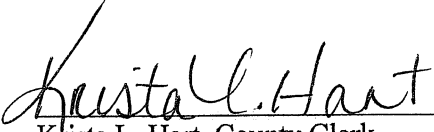
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Adopted this 29th day of November, 2022.

(SEAL)

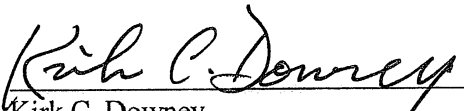
ATTEST:

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY


Krista L. Hart, County Clerk


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

Approved as to form and legal sufficiency:


Kirk C. Downey
County Attorney

Mail to:
Office of the County Attorney
100 W. Washington Street, Suite 1101
Hagerstown, MD 21740

EXHIBIT A

LETTER FROM BROOK LANE HEALTH SERVICES, INC.



November 17, 2022

Board of County Commissioners
of Washington County
100 West Washington Street
Hagerstown, Maryland 21740

Re: Proposed The Town of Smithsburg Economic Development Revenue Bonds
for the Benefit of Brook Lane Health Services, Inc.

Dear Commissioners:

Brook Lane Health Services, Inc., a Maryland corporation (the "Borrower"), respectfully requests that County Commissioners of Washington County (the "County") approve the issuance from time to time by The Town of Smithsburg (the "Town") of one or more series of economic development revenue bonds in an aggregate principal amount not to exceed Five Million Six Hundred Thousand Dollars (\$5,600,000.00) (the "Bonds"), pursuant to and in accordance with the provisions of the Maryland Economic Development Revenue Bond Act, Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), to finance or refinance the costs of the acquisition and improvement (within the meaning of the Act) by the Borrower of the Project identified below.

The Borrower will use the proceeds of the Bonds for the purpose of (a) refinancing existing indebtedness of the Borrower, the proceeds of which were used to pay the costs of (i) constructing, equipping, furnishing and renovating the Borrower's existing hospital facilities located on approximately 114 acres of land owned by the Borrower located in Washington County and known as 13218 Brook Lane Drive, Hagerstown, Maryland 21742, and (ii) acquiring an electronic medical record ("EMR") system; (b) financing the costs of acquiring and installing a new EMR system in an amount of approximately \$1,500,000; and (c) financing certain costs relating to the issuance of the Bonds and other related eligible costs (collectively, the "Project"). The facilities and improvements referred to in clauses (a) and (b) of the definition of the Project (collectively, the "Facilities") are located outside the geographical boundaries of the Town but within an unincorporated area of the County and constitute facilities within the meaning of the Act.

The existing Facilities are used and the Facilities to be acquired will be used by the Borrower in its business of operating a psychiatric hospital and providing related health care services and the components



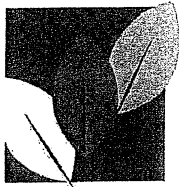
of the Project to be located at such location shall be used accordingly. The Borrower has been determined by the Internal Revenue Service to be an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

With respect to the County, the Borrower believes that the issuance of the Bonds and the financing and refinancing of the costs of the Project will (i) enhance and expand health care provided by the Borrower to the citizens of the Town, the County and the State; (ii) strengthen the ability of the Borrower as a health care institution to attract and care for patients; and (iii) permit the Borrower to maintain its professional and other staff, and, accordingly, will generally promote the purposes of the Act, by sustaining jobs and employment, thereby relieving conditions of unemployment in the Town, the County and the State, assisting in the retention of existing industry and commerce in the Town, the County and the State, and promoting the health, welfare and safety of the residents of the Town, the County and the State.

The Bonds shall be limited obligations of the Town, 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 Borrower pursuant to the terms and provisions of the Loan Agreement (hereinafter defined) and from any other moneys made available to the Town for such purpose. The Town will loan the proceeds of the Bonds (the "Loan") to the Borrower pursuant to the terms and provisions of one or more loan agreements to be entered into by and between the Town and the Borrower (by whatever name known, including (without limitation) as a loan and financing agreement, a bond and financing agreement or by any other name, the "Loan Agreement"). The Loan Agreement will require the Borrower to use the proceeds of the Loan for the sole and exclusive purpose of financing or refinancing the costs of the Project and, to the extent permitted by the holder or holders of the Bonds, the payment of the expenses of preparing, printing and selling the Bonds, and other eligible costs, including any required reserves or interest.

As required by Section 5f.103-2(e)(3) of the Income Tax Regulations, the Borrower hereby requests that the Board of County Commissioners take the necessary action to grant "host approval" with respect to the Bonds and the Project.

It is expressly understood and agreed that the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the authorization, issuance and sale of the Bonds, the making of the Loan or the acquisition and improvement of the Project and to that end, the Borrower agrees to pay all necessary expenses of preparing, printing, selling, and issuing the Bonds and all other costs and expenses contemplated and permitted by the Act, including without limitation, any and all costs, fees and expenses (including without limitation, attorneys' fees and expenses) incurred by or on behalf of the County in connection with the adoption of a resolution approving the Project and the issuance and sale of the Bonds, the publication of notices of any public hearings to be held in connection therewith and the development and execution of any closing certificates of the County deemed necessary or desirable, whether or not the



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proposed financing 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, employees, agents and representatives from any and all claims, damages, expenses, fees and costs of any nature whatsoever in connection with the financing or refinancing of the costs of the Project and the issuance of the Bonds. Moreover, nothing contained in this letter 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.

The Borrower understands and agrees that the approval by the County of the Project and the issuance and sale of the Bonds by the Town 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 with respect to the acquisition and improvement (within the meaning of the Act) of the Facilities or the operation of the Facilities.

The Borrower understands and agrees that the principal of, premium, if any, and interest on the Bonds (1) shall be limited obligations of the Town, (2) are not debts or charges against the general credit or taxing power of the Town or 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 Town or the County. The Bonds are not a debt to which the faith and credit of the Town, the County or any other public body (within the meaning of the Act) is pledged.

The Borrower accepts and understands that the County has designated the firm of Funk & Bolton, P.A. to provide legal services on the County's behalf in connection with the activities contemplated by this letter, and that such firm is also serving as issuer's counsel to the Town in connection with the issuance of the Bonds.

If the foregoing is acceptable to the County, please have an authorized representative of the County execute the same in the space provided for below; counterpart signature pages of this letter may be circulated by facsimile transmission and/or e-mail.

Thank you in advance for your consideration.



Very truly yours,

BROOK LANE HEALTH SERVICES, INC.

By: 

Jeffery D. O'Neal, MBA, LCPC, FACHE

Chief Executive Officer

Accepted:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

By: _____

[Vice] President of the Board of County

Commissioners of Washington County

Date: _____, 2022



November 17, 2022

Board of County Commissioners
of Washington County
100 West Washington Street
Hagerstown, Maryland 21740

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for the Benefit of Brook Lane Health Services, Inc.

Dear Commissioners:

Brook Lane Health Services, Inc., a Maryland corporation (the "Borrower"), respectfully requests that County Commissioners of Washington County (the "County") approve the issuance from time to time by The Town of Smithsburg (the "Town") of one or more series of economic development revenue bonds in an aggregate principal amount not to exceed Five Million Six Hundred Thousand Dollars (\$5,600,000.00) (the "Bonds"), pursuant to and in accordance with the provisions of the Maryland Economic Development Revenue Bond Act, Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), to finance or refinance the costs of the acquisition and improvement (within the meaning of the Act) by the Borrower of the Project identified below.

The Borrower will use the proceeds of the Bonds for the purpose of (a) refinancing existing indebtedness of the Borrower, the proceeds of which were used to pay the costs of (i) constructing, equipping, furnishing and renovating the Borrower's existing hospital facilities located on approximately 114 acres of land owned by the Borrower located in Washington County and known as 13218 Brook Lane Drive, Hagerstown, Maryland 21742, and (ii) acquiring an electronic medical record ("EMR") system; (b) financing the costs of acquiring and installing a new EMR system in an amount of approximately \$1,500,000; and (c) financing certain costs relating to the issuance of the Bonds and other related eligible costs (collectively, the "Project"). The facilities and improvements referred to in clauses (a) and (b) of the definition of the Project (collectively, the "Facilities") are located outside the geographical boundaries of the Town but within an unincorporated area of the County and constitute facilities within the meaning of the Act.

The existing Facilities are used and the Facilities to be acquired will be used by the Borrower in its business of operating a psychiatric hospital and providing related health care services and the components



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of the Project to be located at such location shall be used accordingly. The Borrower has been determined by the Internal Revenue Service to be an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

With respect to the County, the Borrower believes that the issuance of the Bonds and the financing and refinancing of the costs of the Project will (i) enhance and expand health care provided by the Borrower to the citizens of the Town, the County and the State; (ii) strengthen the ability of the Borrower as a health care institution to attract and care for patients; and (iii) permit the Borrower to maintain its professional and other staff, and, accordingly, will generally promote the purposes of the Act, by sustaining jobs and employment, thereby relieving conditions of unemployment in the Town, the County and the State, assisting in the retention of existing industry and commerce in the Town, the County and the State, and promoting the health, welfare and safety of the residents of the Town, the County and the State.

The Bonds shall be limited obligations of the Town, 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 Borrower pursuant to the terms and provisions of the Loan Agreement (hereinafter defined) and from any other moneys made available to the Town for such purpose. The Town will loan the proceeds of the Bonds (the “Loan”) to the Borrower pursuant to the terms and provisions of one or more loan agreements to be entered into by and between the Town and the Borrower (by whatever name known, including (without limitation) as a loan and financing agreement, a bond and financing agreement or by any other name, the “Loan Agreement”). The Loan Agreement will require the Borrower to use the proceeds of the Loan for the sole and exclusive purpose of financing or refinancing the costs of the Project and, to the extent permitted by the holder or holders of the Bonds, the payment of the expenses of preparing, printing and selling the Bonds, and other eligible costs, including any required reserves or interest.

As required by Section 5f.103-2(c)(3) of the Income Tax Regulations, the Borrower hereby requests that the Board of County Commissioners take the necessary action to grant “host approval” with respect to the Bonds and the Project.

It is expressly understood and agreed that the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the authorization, issuance and sale of the Bonds, the making of the Loan or the acquisition and improvement of the Project and to that end, the Borrower agrees to pay all necessary expenses of preparing, printing, selling, and issuing the Bonds and all other costs and expenses contemplated and permitted by the Act, including without limitation, any and all costs, fees and expenses (including without limitation, attorneys’ fees and expenses) incurred by or on behalf of the County in connection with the adoption of a resolution approving the Project and the issuance and sale of the Bonds, the publication of notices of any public hearings to be held in connection therewith and the development and execution of any closing certificates of the County deemed necessary or desirable, 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.

The Borrower hereby agrees to indemnify and hold harmless the County and all of its officials, employees, agents and representatives from any and all claims, damages, expenses, fees and costs of any nature whatsoever in connection with the financing or refinancing of the costs of the Project and the issuance of the Bonds. Moreover, nothing contained in this letter 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.

The Borrower understands and agrees that the approval by the County of the Project and the issuance and sale of the Bonds by the Town 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 with respect to the acquisition and improvement (within the meaning of the Act) of the Facilities or the operation of the Facilities.

The Borrower understands and agrees that the principal of, premium, if any, and interest on the Bonds (1) shall be limited obligations of the Town, (2) are not debts or charges against the general credit or taxing power of the Town or 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 Town or the County. The Bonds are not a debt to which the faith and credit of the Town, the County or any other public body (within the meaning of the Act) is pledged.

The Borrower accepts and understands that the County has designated the firm of Funk & Bolton, P.A. to provide legal services on the County's behalf in connection with the activities contemplated by this letter, and that such firm is also serving as issuer's counsel to the Town in connection with the issuance of the Bonds.

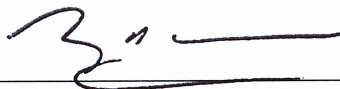
If the foregoing is acceptable to the County, please have an authorized representative of the County execute the same in the space provided for below; counterpart signature pages of this letter may be circulated by facsimile transmission and/or e-mail.

Thank you in advance for your consideration.



Very truly yours,

BROOK LANE HEALTH SERVICES, INC.

By: 

Jeffery D. O'Neal, MBA, LCPC, FACHE

Chief Executive Officer

Accepted:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

By: 

[Vice] President of the Board of County

Commissioners of Washington County

Date: November 29, 2022