

COUNTY COUNCIL OF
DORCHESTER COUNTY, MARYLAND

2014 JUL 28 AM 11:18

CIRCUIT COURT
DORCHESTER COUNTYRESOLUTION NO. 557

A **RESOLUTION** of the County Council of Dorchester County, Maryland providing for the issuance by Dorchester County, Maryland (the "County") of a general obligation installment note in the principal amount of One Million Five Hundred Twenty Thousand Dollars (\$1,520,000), under the authority of Sections 10-203 and 19-401 of the Local Government Article and Sections 16-203(b) and 16-304(d) of the Education Article of the Annotated Code of Maryland, and Bill No. 2014-2, passed by the County Council of Dorchester County, Maryland on March 4, 2014 and effective on May 3, 2014, the note to be designated "Dorchester County, Maryland Chesapeake College Project Note of 2014", in order to finance or reimburse the County's share of the costs of the construction, furnishing and equipping of the Allied Health and Athletics facility at Chesapeake College and to correspondingly evidence and secure the County's obligation to pay its share of the debt service on certain general obligation bonds issued by Queen Anne's County, Maryland ("Queen Anne's County") for that purpose; prescribing the form and tenor of the note and the terms and conditions for the issuance and sale thereof by private (negotiated) sale to Queen Anne's County; prescribing the terms and conditions of the note and all other details incident to the issuance and delivery of the note; providing for the levy and collection of the taxes necessary for the prompt payment of the maturing principal of and interest on the note, and providing that the full faith and credit and unlimited taxing power of the County are pledged to the payment of such principal and interest; ratifying, confirming and approving the execution and delivery to Queen Anne's County of a certain letter of intent identified herein; and generally relating to the issuance, delivery and payment of the note.

RECITALS

1. Queen Anne's County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland identified as County Commissioners of Queen Anne's County in the Bill identified below ("Queen Anne's County"), issued in April 2014 a series of its general obligations bonds in the aggregate principal amount of \$22,390,000 and designated the "Queen Anne's County, Maryland Public Facilities Bonds of 2014" (the "Queen Anne's County Bonds") for the public purpose, among others, of financing or reimbursing costs of the construction, furnishing and equipping of the Allied Health and Athletics facility at Chesapeake College (as identified in the Bill defined herein, the "Chesapeake College Project"). An approximately \$7,040,000 portion of the proceeds of the Queen Anne's County Bonds have been or will be applied to finance or reimburse costs of the Chesapeake College Project. Chesapeake College is a regional community college that is supported by Caroline, Dorchester, Kent, Queen Anne's and Talbot counties.

2. Section 16-203(b) of the Education Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Education Article"), provides that each county that supports a regional community college shall bear as its share of any borrowing for the regional community college the amount that results from applying to the total amount of the borrowing the ratio that the county's population, as determined by the Maryland Department of Health and Mental Hygiene, bears to the total population of all the counties that support the regional

community college, and Section 16-304(d) of the Education Article authorizes each county governing body to borrow money to purchase land and construct capital improvements for a community college.

3. Dorchester County, Maryland, a body corporate and politic and a political subdivision of the State of Maryland (the "County"), acting pursuant to and in accordance with the aforesaid provisions of the Education Article and Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Local Government Article"), has determined to authorize the issuance, sale and delivery to Queen Anne's County of a general obligation installment note of the County in order to finance or reimburse its share of the costs of the Chesapeake College Project and to correspondingly evidence and secure the obligation of the County to pay its share of the debt service on that portion of the Queen Anne's County Bonds the proceeds of which have been or will be applied to finance or reimburse costs of the Chesapeake College Project.

4. Pursuant to the authority of the Sections 16-203(b) and 16-304(d) of the Education Article, Sections 10-203 and 19-401 of the Local Government Article and Bill No. 2014-2, passed by the County Council of Dorchester County, Maryland, the governing body of the County (the "County Council"), on March 4, 2014 and effective on May 3, 2014 (the "Bill"), the County authorized the issuance, upon its full faith and credit, of a general obligation note in the principal amount not to exceed One Million Five Hundred Twenty Thousand Dollars (\$1,520,000), the proceeds of which are to be used and applied for the public purpose of financing or reimbursing costs of the Chesapeake College Project.

BE IT RESOLVED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY, MARYLAND THAT:

Section 1. The Recitals to this Resolution are incorporated herein and deemed a substantive part of this Resolution. Capitalized terms used in the Recitals to this Resolution and not otherwise defined herein shall have the meanings given to such terms in the Recitals.

Section 2. Acting pursuant to the authority of Sections 16-203(b) and 16-304(d) of the Education Article, Sections 10-203 and 19-401 of the Local Government Article and the Bill, the County hereby determines to issue, upon its full faith and credit, a general obligation note in order to finance or reimburse the County's share of the costs of the Chesapeake College Project and to correspondingly evidence and secure the obligation of the County to pay its share of the debt service on that portion of the Queen Anne's County Bonds the proceeds of which have been or will be applied to finance or reimburse costs of the Chesapeake College Project. The County's share of the costs of the Chesapeake College Project, determined in accordance with Section 16-203(b) of the Education Article, is One Million Five Hundred Twenty Thousand Dollars (\$1,520,000).

Section 3. To evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the County shall issue, upon its full faith and credit, a general obligation installment note in the principal amount of One Million Five Hundred Twenty Thousand Dollars (\$1,520,000), to be designated "Dorchester County, Maryland Chesapeake College Project Note of 2014" (the "Note").

Section 4. (a) The Note shall be issued in the form of a single, fully-registered installment note, without coupons attached, payable to Queen Anne's County, Maryland or as Queen Anne's County shall otherwise specify. The Note shall be dated as of April 15, 2014, which is the dated date of the Queen Anne's County Bonds, unless otherwise required by Queen Anne's County's legal counsel in accordance with Section 7 hereof.

(b) The principal of and interest on the Note shall be paid in installments on the dates and in the amounts shown on Schedule A to the form of the Note attached hereto as Exhibit A. The installments of principal on the Note shall bear interest at the rates shown on Schedule A to the form of the Note attached hereto as Exhibit A, accruing from the dated date of the Note. The provisions of this subsection (b) are subject to the provisions of Section 7 hereof.

(c) The Note is not subject to prepayment prior to April 1, 2024. Beginning April 1, 2024, the remaining principal installments of the Note are subject to prepayment at the option of the County, in whole at any time or in part on any date, in any order of installments and, with respect to a particular installment, in any amount selected by the County, at the par amount to be prepaid plus accrued interest thereon to the date fixed for prepayment. Notice of prepayment shall be given by the County at least forty-five (45) days prior to the prepayment date (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and indicating the principal installments to be prepaid in whole or in part and the total amount to be prepaid. The provisions of this subsection (c) are subject to the provisions of Section 7 hereof.

(d) The principal of and interest on the Note shall be payable in lawful money of the United States of America at the time of payment. Both principal of and interest on the Note shall be payable by check or draft (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mails on or before the payment date) to the registered owner thereof at the address designated by the registered owner in writing to the County, unless the registered owner and the Director of Finance of the County (the "Director of Finance") agree on a different manner of payment. The Director of Finance is hereby authorized to make such determination.

Section 5. The Note shall be executed in the name of the County and on its behalf by the President of the County Council or by such other person as the County Council may by resolution designate. The corporate seal of the County shall be affixed or imprinted on the Note, attested by the signature of the County Manager of the County (the "County Manager"), the Director of Finance or the Executive Administrative Specialist of the County (the "Executive Administrative Specialist"). In the event any official whose signature appears on the Note ceases to be an official prior to delivery of the Note, or shall have become such official after the date of issue thereof, the Note, nevertheless, shall be a valid and binding obligation of the County in accordance with its terms.

Section 6. The Note shall be transferable only upon the books kept for that purpose by the Director of Finance at Cambridge, Maryland, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer in a form satisfactory to the Director of Finance and duly executed by the registered owner or the registered owner's duly authorized attorney.

Section 7. Except as provided hereinafter or in a resolution or resolutions of the County adopted prior to the issuance of the Note, the Note shall be issued in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made to the Note by the President of the County Council (i) to provide dates, numbers and amounts (including to correct any typographical or calculation errors), (ii) to conform to the requirements of the Queen Anne's County Bonds as required by legal counsel to Queen Anne's County, including, without limitation, determinations specified by such counsel as contemplated by Section 4 of this Resolution, or (iii) to make other modifications not altering its substance to carry into effect the purposes of this Resolution or to comply with recommendations of legal counsel. All of the covenants contained in the form attached hereto as Exhibit A are hereby adopted by the County as and for the form of obligation to be incurred by the County, as the same may be otherwise modified in final form as provided in this Section 7, and the covenants and conditions contained therein are hereby made binding upon the County, including the promise to pay therein contained. To the extent modifications are made to the form of Note attached hereto as Exhibit A, and the provisions of the final form of Note and the provisions of the corresponding Sections of this Resolution are inconsistent, the provisions of the final form of the Note shall control.

Section 8. The Note shall be issued and sold to Queen Anne's County by private (negotiated) sale promptly after the effective date of this Resolution, on a date mutually agreeable to the County and Queen Anne's County. The purchase price for the Note shall be \$1,612,967.40, which is equal to the par amount of the Note (\$1,520,000.00) plus \$92,967.40, representing the portion of the net reoffering premium paid for the Queen Anne's County Bonds allocated by Queen Anne's County to the County. With respect to such net reoffering premium allocated to the County, \$13,110.26 of such amount shall be or has been applied to costs of issuance of the Queen Anne's County Bonds and the remaining \$79,857.14 shall be applied to fund interest on the Note as reflected on Schedule A to the form of the Note attached hereto as Exhibit A. The County hereby appropriates the proceeds of the Note and directs that such proceeds shall be held by Queen Anne's County and applied by Queen Anne's County to finance or reimburse the costs of the Chesapeake College Project and as otherwise provided in this Section 8 unless Queen Anne's County and the County otherwise agree.

Section 9. The President of the County Council, the County Manager, the Director of Finance, the Executive Administrative Specialist and all other appropriate officers and employees of the County are expressly authorized, empowered and directed to take any and all action necessary to complete and close the issuance and delivery of the Note to Queen Anne's County, and to execute and deliver all documents, certificates and instruments necessary and appropriate in connection therewith.

Section 10. For the purpose of paying the principal of and interest on the Note as the same shall become payable, the County Council shall levy annually ad valorem taxes upon the assessable property in Dorchester County sufficient to pay the principal of and interest on the Note until the same shall mature or be redeemed. The full faith and credit and unlimited taxing power of the County are hereby pledged to the prompt payment of the principal of and interest on the Note as and when they become due and payable, and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to meet the debt service requirements of the Note. The County hereby covenants and agrees with the

registered owner of the Note to take any action that may be lawfully appropriate from time to time during the period that the Note remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and interest due thereon, and further covenants and agrees to levy and collect the taxes hereinabove described. The County may apply to the payment of the principal of or interest on the Note any funds received by it from the State of Maryland or the United States of America or any governmental agency or instrumentality, or from any other source, if such funds are granted for the purpose of assisting the County in accomplishing the type of project or projects which the Note is issued to finance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

Section 11. As contemplated by Section Seven of the Bill, on April 15, 2014, the President of the County Council executed and delivered to Queen Anne's County, on behalf of the County, a letter of intent evidencing the County's intention to issue the Note for the purposes described in the Bill (the "Letter of Intent"). A copy of the Letter of Intent is attached hereto as Exhibit B. The County Council hereby ratifies, confirms and approves the execution and delivery of the Letter of Intent on behalf of the County.

Section 12. This Resolution shall become effective immediately upon its adoption.

[CONTINUED ON FOLLOWING PAGE]

ADOPTED this 15th day of July, 2014.

ATTEST:

COUNTY COUNCIL OF
DORCHESTER COUNTY:


By: 
Donna F. Lane
Executive Administrative Specialist


Jay L. Newcomb, President


William V. Nichols, Vice President

absent
Ricky Travers

Rick Price


Tom Bradshaw

#162657;58058.042

Resolution No. 557

Exhibit A
to
RESOLUTION NO. 2014-557

FORM OF NOTE

[See Attached]

No. R-1

\$1,520,000.00

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

DORCHESTER COUNTY, MARYLAND

CHESAPEAKE COLLEGE PROJECT NOTE OF 2014

Dated: April 15, 2014

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS NOTE ARE MADE BY CHECK OR DRAFT TO THE REGISTERED OWNER (OR BY OTHER MANNER AGREED UPON WITH THE REGISTERED OWNER) AND IT CANNOT BE DETERMINED FROM THE FACE OF THIS NOTE WHETHER ALL OR ANY PORTION OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE HAS BEEN PAID, INCLUDING UPON ANY PREPAYMENT THEREOF.

DORCHESTER COUNTY, MARYLAND, a body corporate and politic and a political subdivision organized and existing under the Constitution and laws of the State of Maryland (the "County"), hereby acknowledges itself indebted and for value received promises to pay QUEEN ANNE'S COUNTY, MARYLAND, the registered owner hereof, or registered assigns or legal representatives, the principal amount of One Million Five Hundred Twenty Thousand Dollars (\$1,520,000.00), plus interest on the unpaid principal balance as set forth herein. The principal of and interest on this note shall be paid in installments on the dates and in the amounts shown on Schedule A hereto and the principal installments of this note shall bear interest at the rates shown on Schedule A hereto (installment payments may have been rounded to the nearest dollar).

Principal of and interest on this note shall be payable in lawful money of the United States of America at the time of payment. Both principal of and interest on this note will be paid by check or draft (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mails on or before the payment date) to the registered owner at the address designated by the registered owner in writing to the County, unless the Director of Finance of the County (the "Director of Finance") and the registered owner agree on a different manner of payment.

This note is issued pursuant to the provisions of Sections 16-203(b) and 16-304(d) of the Education Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Bill No. 2014-2, passed by the County Council of Dorchester County, Maryland, the governing body of the County (the "County Council"), on March 4, 2014 and effective on May 3, 2014 (the "Bill"), and Resolution No. 2014-____, adopted by the County Council on _____, 2014 and effective on _____, 2014 (the "Resolution").

The full faith and credit and unlimited taxing power of the County are hereby pledged to the prompt payment of the principal of and interest on this note, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

This note is transferable only upon the books kept for that purpose at the office of the County in Cambridge, Maryland, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender hereof, together with a written instrument of transfer in the form attached hereto and satisfactory to the Director of Finance and duly executed by the registered owner or his duly authorized attorney. Upon any such transfer, the County shall issue a new registered note in denomination equal to the aggregate unpaid principal amount of the note surrendered, and with the same maturity date and principal installments and bearing interest by the same method. The County may deem and treat the party in whose name this note is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

This note is not subject to prepayment prior to April 1, 2024. Beginning April 1, 2024, the remaining principal installments of this note are subject to prepayment at the option of the County, in whole at any time or in part on any date, in any order of installments and, with respect to a particular installment, in any amount selected by the County, at the par amount to be prepaid plus accrued interest thereon to the date fixed for prepayment.

Notice of prepayment shall be given by the County at least forty-five (45) days prior to the prepayment date (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and indicating the principal installments to be prepaid in whole or in part and the total amount to be prepaid.

It is hereby certified, recited, and declared by the County that all acts, conditions, and things required to exist, to be done, to have happened, and to be performed precedent to or in the issuance of this note do exist, have been done, have happened, and have been performed in full and strict compliance with the Constitution and statutes of the State of Maryland, the Bill and the Resolution, and that this note, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland.

IN WITNESS WHEREOF, Dorchester County, Maryland has caused this note to be executed by the manual signature of the President of the County Council and the corporate seal has been affixed hereto, attested by the manual signature of the [County Manager][Director of Finance][Executive Administrative Specialist], all as of April 15, 2014.

[SEAL]

ATTEST:

DORCHESTER COUNTY, MARYLAND

By: _____
President of the County Council

SCHEDULE A

AMORTIZATION SCHEDULE

[See Attached]

\$1,520,000

Queen Anne's County, Maryland

Public Facilities Bonds of 2014 - College - Dorchester County

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Prepaid Int	Total P+I
10/01/2014	-	-	25,705.00	(25,705.00)	-
04/01/2015	53,291.65	2.000%	27,872.89	(27,872.89)	53,291.65
10/01/2015	-	-	27,339.97	(26,279.25)	1,060.72
04/01/2016	52,952.21	3.000%	27,339.97	-	80,292.18
10/01/2016	-	-	26,545.69	-	26,545.69
04/01/2017	54,988.83	4.000%	26,545.69	-	81,534.52
10/01/2017	-	-	25,445.91	-	25,445.91
04/01/2018	57,364.90	4.000%	25,445.91	-	82,810.81
10/01/2018	-	-	24,298.62	-	24,298.62
04/01/2019	59,740.96	2.000%	24,298.62	-	84,039.58
10/01/2019	-	-	23,701.21	-	23,701.21
04/01/2020	62,117.02	4.000%	23,701.21	-	85,818.23
10/01/2020	-	-	22,458.87	-	22,458.87
04/01/2021	64,493.08	4.000%	22,458.87	-	86,951.95
10/01/2021	-	-	21,169.00	-	21,169.00
04/01/2022	67,208.58	4.000%	21,169.00	-	88,377.58
10/01/2022	-	-	19,824.83	-	19,824.83
04/01/2023	69,924.07	4.000%	19,824.83	-	89,748.90
10/01/2023	-	-	18,426.35	-	18,426.35
04/01/2024	72,639.57	3.000%	18,426.35	-	91,065.92
10/01/2024	-	-	17,336.76	-	17,336.76
04/01/2025	75,355.07	3.000%	17,336.76	-	92,691.83
10/01/2025	-	-	16,206.43	-	16,206.43
04/01/2026	78,410.00	3.000%	16,206.43	-	94,616.43
10/01/2026	-	-	15,030.28	-	15,030.28
04/01/2027	81,464.94	4.000%	15,030.28	-	96,495.22
10/01/2027	-	-	13,400.98	-	13,400.98
04/01/2028	84,859.31	4.000%	13,400.98	-	98,260.29
10/01/2028	-	-	11,703.80	-	11,703.80
04/01/2029	88,253.68	4.000%	11,703.80	-	99,957.48
10/01/2029	-	-	9,938.72	-	9,938.72
04/01/2030	91,648.06	4.000%	9,938.72	-	101,586.78
10/01/2030	-	-	8,105.76	-	8,105.76
04/01/2031	95,381.87	4.000%	8,105.76	-	103,487.63
10/01/2031	-	-	6,198.12	-	6,198.12
04/01/2032	99,455.11	4.000%	6,198.12	-	105,653.23
10/01/2032	-	-	4,209.02	-	4,209.02
04/01/2033	103,188.92	4.000%	4,209.02	-	107,397.94
10/01/2033	-	-	2,145.24	-	2,145.24
04/01/2034	107,262.17	4.000%	2,145.24	-	109,407.41
Total	\$1,520,000.00	-	\$680,549.01	(79,857.14)	\$2,120,691.87

FORM OF INSTRUMENT OF TRANSFER

FOR VALUE RECEIVED, _____, the undersigned, hereby sells, assigns, and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

the within note and all rights thereunder and does hereby constitute and appoint _____ attorney to transfer the within note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Notice: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, without alteration or enlargement or any change whatever.

Exhibit B
to
RESOLUTION NO. 2014-557
COPY OF LETTER OF INTENT

[See Attached]

COUNTY COUNCIL OF DORCHESTER COUNTY

COUNTY OFFICE BUILDING
 P. O. BOX 26
 CAMBRIDGE, MARYLAND 21613
 PHONE: (410) 228-1700
 FAX: (410) 228-9641

JAY L. NEWCOMB, PRESIDENT
 WILLIAM V. NICHOLS, VICE PRESIDENT
 TOM C. BRADSHAW
 RICK M. PRICE
 RICKY C. TRAVERS



JANE BAYNARD
 COUNTY MANAGER
 E. THOMAS MERRYWEATHER
 COUNTY ATTORNEY

April 15, 2014

Queen Anne's County, Maryland
 County Office Building
 107 North Liberty Street
 Centreville, Maryland 21617

Re: Chesapeake College Allied Health and Athletics Building

Ladies and Gentlemen:

Dorchester County, Maryland (the "Participating County"), respectfully requests that Queen Anne's County, Maryland ("Queen Anne's County") accept this Letter of Intent which sets forth the intention of the Participating County to issue its general obligation note (the "Note") to Queen Anne's County in connection with financing its share of the Chesapeake College Allied Health and Athletics Building.

The Board of County Commissioners of Queen Anne's County has authorized the issuance and sale by Queen Anne's County of a series of its general obligations bonds in aggregate principal amount of \$22,390,000 (the "Queen Anne's County Bonds") for the public purpose, among others, of financing the renovation, furnishing, and equipping of the Allied Health and Athletics Building at Chesapeake College (the "Chesapeake College Project"). Chesapeake College is a regional community college that is supported by Caroline, Dorchester, Kent, Queen Anne's and Talbot counties.

Section 16-304(d) of the Education Article of the Annotated Code of Maryland (2006 Replacement Volume and 2013 Supplement) authorizes each county governing body to borrow money to purchase land and construct capital improvements for a community college. Sections 16-203 and 16-304(d) of the Education Article provides that each county that supports a regional community college shall bear as its share of any borrowing for the regional community college the amount that results from applying to the total amount of the borrowing the ratio that the county's population, as determined by the Department of Health and Mental Hygiene, bears to the total population of all the counties that support the regional community college.

The County Council of the Participating County (the "County Council"), acting pursuant to and in accordance with the provisions of the Education Article of the Annotated Code of Maryland and Section 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume), has passed Bill No. 2014-2, enacted by the

County Council on March 4, 2014 and expected to be effective 60 days from the date of its enactment (the "Ordinance"), which upon becoming legally effective, will authorize the issuance and delivery of the Note to Queen Anne's County to evidence and secure the obligation of the Participating County to pay its share of the debt service on that portion of the Queen Anne's County Bonds the proceeds of which will be applied to finance the Chesapeake College Project. Seven Million Forty Thousand Dollars (\$7,040,000) of the proceeds of the Queen Anne's County Bonds will be applied to finance the Chesapeake College Project, and the Participating County's share of that amount, determined in accordance with Section 16-203(b) of the Education Article, is One Million Five Hundred Twenty Thousand Dollars (\$1,520,000).

It is anticipated that the principal of the Note shall be payable in annual installments on the date that principal payments are due on the Queen Anne's County Bonds and that interest on the Note shall be payable semiannually on the dates that interest payments are due on the Queen Anne's County Bonds at the rate of interest due on the Queen Anne's County Bonds. The Note shall be signed by the appropriate official of the Participating County and the seal of Participating County shall be impressed thereon and attested. Following the sale of the Queen Anne's County Bonds, the Participating County intends to prescribe and approve the final form of the Note, which shall set forth the amount of the annual principal installments of the Note, the final maturity of the Note, and the rate or rates of interest payable on the Note.

The Ordinance provides that the Participating County, shall levy upon all real and tangible personal property within its corporate limits subject to assessment for taxation by the Participating County ad valorem taxes in rate and amount sufficient to provide for the prompt payment of the principal and interest on the Note in each and every fiscal year during which the Note is outstanding, and, if the proceeds from the collection of taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and taxing power of Participating County will be pledged to the fullest extent possible to the payment of the principal of and interest on the Note as and when they become due and payable and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Note.

Upon or contingent upon the Ordinance becoming legally effective, the Participating County intends to adopt a resolution or otherwise prescribe and approve the final form of the Note, set forth the amount of the annual principal installments of the Note, the final maturity of the Note, and the rate of interest payable on the Note, and intends to execute and deliver such Note to Queen Anne's County, Maryland. The Note may not be issued by the Participating County unless and until such resolution has been adopted by the County Council.

The provisions of this letter of intent are subject in all respects to ratification, confirmation and approval by resolution adopted by the County Council, in accordance with Section Seven of the Ordinance. Unless execution and delivery of this letter of intent is so

ratified, confirmed and approved by resolution of the County Council, the provisions of this letter of intent shall not be binding upon the County.

Very truly yours,

DORCHESTER COUNTY, MARYLAND

By: _____


Jay L. Newcomb
President

Queen Anne's County, Maryland
April 15, 2014
Page 4

Accepted April 15, 2014:

QUEEN ANNE'S COUNTY, MARYLAND

By: Philip H. Dumezil
President of the Board of County Commissioners