

RESOLUTION NO. 40-11

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY (THE "BOARD") TO AUTHORIZE THE COUNTY COMMISSIONERS OF CALVERT COUNTY (THE "COUNTY"), PURSUANT TO AND IN ACCORDANCE WITH THE MARYLAND ECONOMIC DEVELOPMENT REVENUE BOND ACT, TO ISSUE AND SELL, AT ONE TIME OR FROM TIME TO TIME, AS LIMITED OBLIGATIONS AND NOT UPON ITS FAITH AND CREDIT OF THE COUNTY, OR PLEDGE OF ITS TAXING POWER, ITS ECONOMIC DEVELOPMENT REFUNDING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,500,000, AND TO LOAN THE PROCEEDS FROM THE SALE OF SUCH BONDS TO CALVERT COUNTY DAY SCHOOL, INC., A NONSTOCK, NOT-FOR-PROFIT CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF MARYLAND, TO BE USED FOR THE PURPOSE OF FINANCING AND REFINANCING THE COSTS OF CERTAIN FACILITIES, WITHIN THE MEANING OF SUCH ACT, LOCATED IN CALVERT COUNTY, MARYLAND, TO BE USED BY SUCH CORPORATION FOR ITS TAX-EXEMPT PURPOSES; AUTHORIZING THE PRESIDENT OF THE BOARD TO SPECIFY, PRESCRIBE, DETERMINE, PROVIDE FOR, APPROVE, EXECUTE AND DELIVER ANY AND ALL MATTERS, DETAILS, FORMS, DOCUMENTS OR PROCEDURES NECESSARY OR APPROPRIATE TO EFFECTUATE THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY AND PAYMENT OF AND FOR SUCH BONDS AND THE LENDING OF THE PROCEEDS THEREOF; RESERVING CERTAIN RIGHTS IN THE COUNTY; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH SUCH BONDS AND THE LENDING OF THE PROCEEDS THEREOF.

Recitals

Title 12 of the Economic Development Article of the Annotated Code of Maryland, as amended, being the Maryland Economic Development Revenue Bond Act (the "Act") empowers any public body (as defined in the Act) to issue and sell bonds (as defined in the Act), as its limited obligations and not upon its faith and credit or pledge of its taxing power, at any time and from time to time, and to loan the proceeds of the sale of such bonds to one or more facility users (as defined in the Act) to finance or refinance any costs of the acquisition and improvement (as defined in the Act) of a facility or facilities (as defined in the Act) for one or more facility users (as defined in the Act).

The Act declares it to be the legislative purpose to relieve conditions of unemployment in the State of Maryland, to encourage the increase of industry and commerce and a balanced economy in the State of Maryland, to assist in the retention of existing industry and commerce in and the attraction of new industry and commerce in the State of Maryland through among other things, port development and the control or abatement of environmental pollution and the use and disposal of waste, to promote economic development, to protect natural resources and encourage resource recovery and to generally promote the health, welfare, and safety of the residents of each of the counties and municipalities of the State of Maryland.

The County has received a letter from Calvert County Day School, Inc., a Maryland nonstock, not-for-profit corporation and a facility applicant and facility user as defined in the Act (the "Facility Applicant"), dated November 11, 2011, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting the County to issue and sell its bonds pursuant to the Act and to loan the proceeds of the sale thereof to the Facility Applicant, for the purpose of financing and refinancing the costs of certain facilities within the geographical boundaries of the County, as hereinafter described. The Facility Applicant acknowledges in the Letter of Intent that the County reserves certain rights concerning the issuance of the Bonds as provided in Section 5 of this Resolution.

A public hearing concerning the issuance of such bonds and the location and nature of such facilities has been held following reasonable public notice (within the meaning of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code")).

The proceeds of such bonds will be used to (1) prepay the outstanding principal amount, premium, if any, accrued interest and other amounts due under the Facility Applicant's Promissory Note dated December 16, 1999 (the "Note"), which was delivered in connection with the loan of a portion of the proceeds of the Maryland Health and Higher Educational Facilities Authority Pooled Loan Program Revenue Bonds, Series D, such proceeds being used to finance all or a portion of the costs of (a) construction and equipping of a 33,000 square foot arts and sciences building, (b) construction of a new roadway system, (c) expansion of septic facilities, (d) renovation and equipping of the existing Middle and Upper School building, including (without limitation) renovations to connect the arts and science building to the existing building via a 30-foot hallway, (e) construction and equipping of additional bathroom facilities in the Lower School, (f) refinancing a mortgage, the proceeds of which were used to finance the original construction of the Facility Applicant's facilities, all located on its approximately 153-acre campus located at 300 Calverton School Road, Huntington, Calvert County, Maryland 20639 (the "Campus"), (g) certain capitalized interest on the Note, (h) certain costs of issuing the Note, and (i) certain fees associated with credit enhancement of the Note, and (2) finance or refinance the costs of improving, renovating, and repairing certain facilities located on the Campus and the acquisition of furniture, fixtures and equipment to be used in connection therewith (collectively, the "Facilities"). The proceeds of such bonds may also be used to fund a debt service reserve fund and capitalized interest on such bonds and to pay certain costs of issuance and other related costs, including all or a portion of a termination payment relating to an interest rate hedging transaction entered into in connection with the delivery of the Note.

The County, based upon the findings and determinations and subject to the reservation of certain rights as hereinafter set forth, 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), at one time or from time to time, in an aggregate principal amount not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000), of its Economic Development Revenue Bonds (the "Bonds"), and to loan the proceeds of the Bonds (the "Loan") to the Facility Applicant on the terms and conditions as hereinafter provided in order to finance and refinance, in whole or in part, the costs of the Facilities, to encourage economic development and to protect the health, welfare and safety of the citizens of the State and of the County.

NOW, THEREFORE, pursuant to and in accordance with the Act:

SECTION 1. BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That, acting pursuant to the Act, it is hereby found and determined as follows:

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

(b) The accomplishment of the transactions contemplated and authorized by this Resolution, including (without limitation) the financing and refinancing of the Facilities by the Facility Applicant, will promote the declared legislative purposes of the Act by (i) creating and sustaining jobs and employment, thereby relieving conditions of unemployment in the State and in the County; (ii) encouraging the increase of industry and commerce and a balanced economy in the State and in the County; (iii) assisting in the retention of existing industry and commerce in the State and in the County; (iv) promoting economic development; and (v) generally promoting the health, welfare and safety of the residents of the County and of the State.

(c) The Bonds and the interest thereon 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 may not give rise to any pecuniary liability of the County. The Bonds and the interest thereon shall be limited obligations of the County, payable by the County solely from the revenues derived from Loan repayments (both principal and interest) made to the County by the Facility Applicant on account of the Loan and from any other moneys made available to the County for such purpose. No such moneys will be commingled with the County's funds or will be subject to the absolute control of the County, but will be subject only to such limited supervision and checks as are deemed necessary or desirable by the County to insure that the proceeds of the Bonds are used to accomplish the public purposes of the Act and this Resolution. The transactions authorized hereby do not constitute any physical public betterment or improvement or the acquisition of property for public use or the purchase of equipment for public use.

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

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(e) The Bonds may be sold at either private (negotiated) sale or at public sale, and at, above or below par, in any event in such manner and upon such terms as the President, in her sole and absolute discretion, deems to be in the best interests of the County.

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

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

SECTION 3. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That as described in the Letter of Intent, the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance and sale of the Bonds, the making of the Loan or financing and refinancing of the Facilities, and the Facilities shall be financed and refinanced so as to conform to the requirements of the Facility Applicant; accordingly, the Facility Applicant shall (a) negotiate and approve all financing arrangements, and (b) pay all costs incurred by or on behalf of the County in connection with the issuance and sale of the Bonds, the making of the Loan, including the administration thereof, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing and refinancing, including (without limitation) the fees of bond counsel, all costs in connection with publication of notices of any public hearings to be held in connection therewith, and compensation to any other person (other than full-time employees of the County) performing services by or on behalf of the County in connection with the transactions contemplated by this Resolution, whether or not the proposed financing and refinancing is consummated.

SECTION 4. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That, in addition to any bonds authorized to be issued by any other act of the County, the issuance, sale and delivery by the County of the Bonds, at one time or from time to time, and in one or more series, in an aggregate principal amount not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000), are hereby authorized, subject to the provisions of the Act and this Resolution. The County will lend or otherwise make available the proceeds of the Bonds to the Facility Applicant (the "Loan"), as permitted by the Act, pursuant to the terms and provisions of a loan agreement to be entered into between the County and the Facility Applicant (the "Loan Agreement"), to be used by the Facility Applicant for the sole and exclusive purpose of financing and refinancing the costs of

the acquisition and improvement of the Facilities, to fund a debt service reserve fund and capitalized interest on the Bonds and to pay certain costs of issuance and other related costs, including all or a portion of a termination payment relating to an interest rate hedging transaction entered into in connection with the delivery of the Note, to the extent permitted by the Act and the Code. The Bonds and the interest thereon shall be limited obligations of the County, repayable by the County solely from the revenue derived from Loan repayments (principal and interest) made to the County by the Facility Applicant and from any other moneys made available to the County for such purpose. The maximum principal amount of Bonds which may be issued, sold and delivered pursuant to this Resolution is Five Million Five Hundred Thousand Dollars (\$5,500,000), unless such amount shall be increased by a resolution supplemental hereto.

The Letter of Intent is hereby accepted by the County and the President is hereby authorized and directed to execute the Letter of Intent in order to evidence such acceptance. The Letter of Intent is intended to constitute a "letter of intent" as contemplated by the Act.

The authority to issue the Bonds is intended to and shall include the authority to issue revenue refunding bonds. Reference herein to the "Bonds" shall include revenue refunding bonds where appropriate. In the event that any refunding bonds are issued pursuant to this Resolution, the outstanding principal amount of any "refunded bonds" (as hereinafter defined) shall not be taken into account in determining the aggregate principal amount of the Bonds issued, sold and delivered hereunder. The term "refunded bonds" means any Bonds (i) for the payment of which (both principal and interest) provision has been made from the proceeds (including any earnings on the investment thereof) of Bonds issued pursuant to this Resolution, or (ii) which have been paid from such proceeds, whether such provisions for payment, or such payment is made at or prior to the maturity of such Bonds.

SECTION 5. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That the County reserves the right, in its sole and absolute discretion, to take any actions which it may deem necessary in order to ensure that the County (a) complies with all federal and State laws, whether proposed or enacted, which may apply to or restrict the issuance of its economic development revenue bonds, and (b) issues such bonds to finance and refinance facilities which the County determines, in its sole and absolute discretion, will provide the greatest benefit to the County. Specifically, the County reserves the right to choose to issue its economic development revenue bonds to finance or refinance facilities other than the Facilities, and to issue or not to issue such bonds at such times and in the order of priority which the President, in her sole and absolute discretion, may determine.

SECTION 6. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That the Bonds shall each be designated "County Commissioners of Calvert County Economic Development Revenue Bond." The Bonds may be further identified by the year of issue and/or such other appropriate designations as the President may approve.

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

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

SECTION 7. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That if deemed advisable by the President, the County will enter into a trust agreement (the "Trust Agreement") for the protection of the holders of the Bonds, either directly with the purchaser of the Bonds (the "Holder") or with a bank having trust powers or a trust company (the "Trustee") to be approved by the President and, pursuant to the Trust Agreement, the County will assign to the Holder or the Trustee (among other things) (a) all of the County's right, title and interest in and to and remedies under the Loan Agreement, including (without limitation) any and all collateral referred to therein, excepting only the right of the County to indemnification by the Facility Applicant, taxes paid by the Facility Applicant to the County and to payments to the County for the County's administrative fees or expenses, if any, (b) the receipts and revenues of the County from the Loan, (c) certain monies which may be at any time or from time to time on deposit with the Holder or the Trustee, (d) all of the County's right, title and interest in and to and remedies under such documents as the President shall deem necessary or expedient to effectuate the issuance, sale and delivery of the Bonds.

SECTION 8. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That prior to the issuance, sale and delivery of the Bonds, the President shall, by executive order or otherwise, specify, prescribe, determine, provide for or approve, all within the limitation of this Resolution and the Act, all matters, details, forms, documents and procedures pertaining to the sale, security, issuance, delivery and payment of or for the Bonds, including (without limitation):

(a) the principal amount of the Bonds to be issued at any one time or from time to time, the rate or rates of interest thereon or the method of determining such rate or rates, the date or dates of maturity thereof, provisions for the payment thereof, prepayment, sinking fund or redemption provisions (if any) thereof, the designation or designations of the Bonds and of any series, and the date or dates of issuance thereof;

(b) the form, tenor, terms and conditions of the Bonds, and provisions for the registration and transfer of the Bonds (if any);

(c) the form and contents of, and provisions for the execution and delivery of, such financing documents as the President shall deem necessary or desirable to evidence, secure or effectuate the Loan and the issuance, sale and delivery of the Bonds, including

(without limitation) any loan agreements, notes, mortgages, security agreements, assignments, guarantees, financing agreements or escrow agreements;

(d) provision for the payment directly by the Facility Applicant of an administrative fee to the County equal to the lesser of \$5,000 or the maximum amount permitted by the Code, and all expenses of preparing, printing and selling the Bonds, including (without limitation) any and all costs, fees and expenses, incurred by or on behalf of the County in connection with the authorization, issuance, sale and delivery of the Bonds, and all costs incurred in connection with the development of the appropriate legal documents, including fees of counsel to the County, bond counsel, and compensation to any persons (other than full-time employees of the County) or entities performing services for or on behalf of the County in connection therewith and in connection with all other transactions contemplated by this Resolution, whether or not the proposed financing is consummated;

(e) the creation of security for the Bonds and provision for the administration of the Bonds, including (without limitation) the appointment of such trustees, escrow agents, payment agents, registrars or other agents as the President shall deem necessary or desirable to effectuate the transactions authorized hereby;

(f) the preparation and distribution, in conjunction with representatives of the Borrower and the prospective purchasers of or underwriters for the Bonds of any series, both a preliminary and a final official statement, placement memoranda or offering circular in connection with the sale of the Bonds of any series, if such preliminary official statement and final official statement, placement memoranda or offering circular are determined to be necessary or desirable for the sale of the Bonds of such series;

(g) the form and contents of, and provisions for the execution and delivery of, a contract or contracts for the purchase and sale of the Bonds of any series (or any portion thereof);

(h) provision for the issuance and sale (subject to the passage at the time of any appropriate resolution authorizing the same) of one or more series of additional bonds (which may be on a parity with, or subordinate to, the Bonds) and one or more series of refunding bonds;

(i) provision 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 and for such period as the President deems reasonable; and

(j) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the Bonds, the security for the Bonds and the Loan, and the consummation of the transactions contemplated by this Resolution as may be deemed appropriate and approved by the President including (without limitation) establishing procedures for the execution, acknowledgment, sealing and delivery of such other and further agreements, documents, and instruments (including continuing disclosure documents, deeds of trust, assignments and financing statements), and the authorization of the officials of the County to take any and all actions, as are or may be necessary or appropriate to consummate

the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

The President is hereby authorized to prescribe procedures to facilitate the prompt determination and approval of one or more of the matters set forth above. Such procedures may include telephonic approval and subsequent written confirmation by facsimile transmission or otherwise of one or more of such matters by a designated officer of the County within guidelines or parameters prescribed by the President. The President is further authorized (1) to establish procedures for the utilization of variable or floating rates of interest, (2) to enter into arrangements with a bank or other appropriate institution to facilitate the purchase, repurchase, sale, transfer or payment of Bonds, including (without limitation) the use of general or standby letters of credit, revolving credit facilities, repurchase agreements or other similar arrangements and (3) to take such actions as may be necessary to implement a program for the issuance of Bonds in the nature of commercial paper, demand notes or floating rate obligations.

SECTION 9. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That before or after the issuance, sale and delivery of the Bonds of any series, regardless of the date on which such Bonds are issued, the President is hereby authorized and empowered, by executive order or otherwise, to supplement the executive order provided for by Section 8 of this Resolution and thereby approve on behalf of the County any amendments or supplements to or substitutes for the forms and provisions of the Bonds, the Loan Agreement, the Trust Agreement or similar agreement and all other documents executed and delivered on behalf of the County in connection with the issuance, sale and delivery of the Bonds pursuant to the provisions of such documents, provided that (1) each such supplemental executive order or orders and each amendment, supplement or substitute to such document shall be in accordance with the provisions of the Act, this Resolution, and the documents executed and delivered in connection with the Bonds and then in effect and (2) all of the foregoing shall be subject to any approval by the Board as may be required pursuant to federal tax law.

SECTION 10. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That the terms, provisions, form and substance of any and all documents and instruments to be executed or entered into by or for the benefit of the County in connection with the transactions authorized by this Resolution, including all customary closing certificates and documents, shall also be subject to the approval of the County Attorney or the County Attorney's designee prior to the execution and delivery thereof by the appropriate official of the County.

SECTION 11. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That in satisfaction of the requirements of Section 147(f) of the Code, the County hereby approves the Facilities and the Bonds.

SECTION 12. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That the members of the Board, the President, the County Attorney, the Clerk to the Board and the Director of Finance and Budget of the County, for and on behalf of the County, are hereby authorized and empowered to do all

things, execute all instruments, and otherwise take all such action as the President may determine executive order or otherwise to be necessary, proper or expedient to carry out the authority conferred by this Resolution, including (without limitation) the execution of a certificate and/or agreement pursuant to Section 148 of the Code and the U.S. Treasury Regulations prescribed thereunder, subject to the limitations set forth in the Act and this Resolution.

SECTION 13. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That unless previously exercised, the authority to issue the Bonds contained in this Resolution shall expire on the date which is one (1) year from the effective date of this Resolution, unless such authority shall have been extended by a resolution supplemental hereto.

SECTION 14. BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CALVERT COUNTY, That in accordance with the Act, this Resolution takes effect immediately upon its adoption.

**DONE**, this 6<sup>th</sup> day of Dec., 2011, by the Board of County Commissioners for Calvert County, Maryland, sitting in regular session.

Aye: Shaw, Nutter, Clark, Slaughenhaupt, Weems  
Nay: ∅  
Absent/Abstain: ∅

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
CALVERT COUNTY, MARYLAND

Mary J. Frederick  
Corinne J. Cook, Clerk

Susan Shaw  
Susan Shaw, President

Approved for legal  
sufficiency on  
by December 10, 2011

Pat Nutter  
Pat Nutter, Vice President

John B. Norris III  
John B. Norris III  
County Attorney

Gerald W. Clark  
Gerald W. Clark

Received for Record... 12-7 2011  
at 2:45 o'clock 1 P.M. Same day  
recorded in Liber KPS No. 38  
Folio 58 COUNTY COMMISSIONERS  
ORDINANCES AND RESOLUTION.

Evan K. Slaughenhaupt Jr.  
Evan K. Slaughenhaupt Jr.

Steven R. Weems  
Steven R. Weems

Gary P. Smith

DK 830 3819067

# The Calverton School

*Learning That Lasts A Lifetime*

November 11, 2011

Ms. Susan Shaw  
President of the Board of  
County Commissioners of Calvert County  
Courthouse  
175 Main Street  
Prince Frederick, Maryland 20678

Re: Proposed County Commissioners of Calvert County Economic Development  
Revenue Bonds for the benefit of Calvert County Day School, Inc.

Dear Ms. Shaw:

Calvert County Day School, Inc., a Maryland nonstock corporation (the "Facility Applicant") respectfully requests that the County Commissioners of Calvert County (the "County") authorize, issue and sell pursuant to and in accordance with the Maryland Economic Development Revenue Bond Act, Sections 12-101 to 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland (the "Act"), its economic development revenue bonds in one or more series in an aggregate principal amount not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000.00) (the "Bonds").

The proceeds of the Bonds will be used to (1) prepay the outstanding principal amount, premium, if any, accrued interest and other amounts due under the Facility Applicant's Promissory Note dated December 16, 1999 (the "Note"), which was delivered in connection with the loan of a portion of the proceeds of the Maryland Health and Higher Educational Facilities Authority Pooled Loan Program Revenue Bonds, Series D, such proceeds that were used to finance all or a portion of the costs of (a) construction and equipping of a 33,000 square foot arts and sciences building, (b) construction of a new roadway system, (c) expansion of septic facilities, (d) renovation and equipping of the existing Middle and Upper School building, including (without limitation) renovations to connect the arts and science building to the existing building via a 30-foot hallway, (e) construction and equipping of additional bathroom facilities in the Lower School, (f) refinancing a mortgage, the proceeds of which were used to finance the original construction of the Facility Applicant's facilities, all located on its approximately 153-acre campus located at 300 Calverton School Road, Huntington, Calvert County, Maryland 20639 (the "Campus"), (g) certain capitalized interest on the Note, (h) certain costs of issuing the Note, and (i) certain fees associated with credit enhancement of the Note, and (2) finance or refinance the costs of improving, renovating, and repairing certain facilities located on the Campus and the acquisition of furniture, fixtures and equipment to be used in connection therewith (collectively, the "Facilities"). The proceeds of the Bonds may also be used to fund a debt service reserve fund and capitalized interest on the Bonds and to pay certain costs of

issuance and other related costs, including all or a portion of a termination payment relating to an interest rate hedging transaction entered into in connection with the delivery of the Note.

The Facilities constitute a "facility" as defined in the Act. It is intended that this letter, if accepted by the County, shall constitute a "letter of intent" as contemplated by Section 12-101(f) of the Act.

The Facility Applicant proposes that the County lend the proceeds of the Bonds to the Facility Applicant pursuant to the terms and provisions of a loan agreement to be entered into by and between the County and the Facility Applicant (the "Loan Agreement"). The Bonds shall be repayable by the County solely from the revenues derived from payments made to the County pursuant to the terms and provisions of the Loan Agreement, as amended from time to time, and from such other monies as may be made available by the Facility Applicant to the County for such purpose. The Loan Agreement will require that (1) the proceeds of the Bonds be used solely to finance and refinance the Facilities, fund a debt service reserve fund and capitalized interest account for the Bonds and finance certain costs of issuance of the Bonds and other related costs and (2) the Facility Applicant make payments which will be sufficient to enable the County to pay the principal of, premium, if any, and interest on the Bonds, and all expenses incurred by the County and fees due to the County in connection with the issuance of the Bonds and the making and administration of the loan, as the same become due and payable.

The Facility Applicant 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 Facility Applicant operates a private school for grades Pre-K through 12. Currently 385 students are enrolled at the school and the Facility Applicant employs 25 part-time and 58 full-time employees.

The Facility Applicant hereby acknowledges that the County reserves the right, in its sole and absolute discretion, to take any actions which the County may deem necessary in order to ensure that the County (a) complies with all federal and state laws, whether proposed or enacted, which may restrict the issuance of its economic development revenue bonds, and (b) issues such bonds that finance or refinance facilities which the County determines, in its sole and absolute discretion, will provide the greatest benefit to the County. Specifically, the County reserves the right to choose to issue its economic development revenue bonds for facilities other than the Facilities, and to issue or not to issue such bonds and the Bonds in the order of priority which the President of the Board of County Commissioners of Calvert County, in her sole and absolute discretion, may determine.

It is expressly agreed and understood that (a) the County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection with the issuance and sale of the Bonds or the making of the loan, and (b) the Facility Applicant shall pay all costs incurred by or on behalf of the County in connection with the proposed financing and refinancing, including the administration thereof, the fees of bond counsel, the County fee, all costs incurred in connection with publication of notices of any public hearings to be held in connection therewith, and compensation to any other person (other than full-time employees of the County) performing

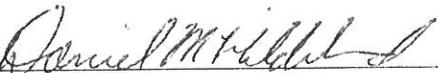
services by or on behalf of the County in connection with the transactions contemplated by this Letter of Intent, whether or not the proposed financing and refinancing is consummated.

It is further understood and agreed by the undersigned that the proposal contained herein is subject to (a) the approval and appropriate action by the Board of County Commissioners of Calvert County, and (b) the approval of the detailed provisions of all documents pertaining to the financing and refinancing as yet to be developed. The acceptance of this Letter of Intent by the County shall evidence the present intent by the County to authorize, sell, issue and deliver the Bonds and to authorize the loan for the purposes described herein; provided, however, the County cannot guaranty or assure the undersigned that the Bonds will actually be sold on terms acceptable to the Facility Applicant or any other interested parties, that the Facility Applicant will obtain purchasers of the Bonds qualified to purchase the Bonds under applicable federal and state securities law, that the Facility Applicant will have the ability to make payments sufficient to enable the County to repay the Bonds, or that the proposed transaction will be consummated.

The Facility Applicant understand that the Bonds are and shall remain payable solely and only from moneys derived from payments to the County by the Facility Applicant and that the Bonds and the interest or premium thereon 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 may not give rise to any pecuniary liability of the County. 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.

Very truly yours,

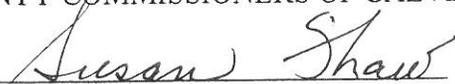
CALVERT COUNTY DAY SCHOOL, INC.

By:   
Name: Daniel M. Hildebrand  
Title: Head of School

By:   
Name: Steven Smith  
Title: Vice President of the Board

ACCEPTED:

COUNTY COMMISSIONERS OF CALVERT COUNTY

By:   
Susan Shaw  
President of the Board  
of County Commissioners of Calvert County

Date: 12/6/2011