



**The Mayor and Commissioners  
Of The Town of Elkton  
Resolution R4-2012**

**A RESOLUTION** to authorize the Town of Elkton, 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 or pledge of its taxing power, its economic development revenue bonds in an aggregate principal amount not to exceed \$28,000,000 and to loan the proceeds from the sale of such bonds to The Union Hospital of Cecil County, Inc., to be used for the purpose of refinancing the costs of the acquisition and improvement of certain facilities, within the meaning of such Act, located in the Town and used by The Union Hospital of Cecil County, Inc., for its tax-exempt purpose activities; specifying and describing the facilities to be refinanced; generally describing the public purposes to be served and the financing transactions to be accomplished; specifying the maximum aggregate principal amount of such bonds that may be issued by the Town of Elkton; authorizing the Mayor of the Town of Elkton to specify, prescribe, determine, provide for, approve, execute and deliver any and all matters, details, forms, documents or procedures necessary or desirable to effectuate the authorization, sale, security, issuance, delivery and payment of and for such bonds and the lending of the proceeds thereof to The Union Hospital of Cecil County, Inc., reserving certain rights in the Town; and generally providing for and determining various matters in connection with such bonds and the lending of the proceeds thereof to The Union Hospital of Cecil County, Inc., as required or permitted by such Act.

**RECITALS**

1. 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") 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) 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 (as defined in the Act) or of refunding outstanding bonds, 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 in such amounts, or for such period, as the public body deems reasonable.

2. 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) generally promote the health, welfare and safety of the residents of each of the counties and municipalities of the State.

3. The Town of Elkton, a public body (as defined in the Act) (the "Town"), has received a letter from The Union Hospital of Cecil County, Inc., a Maryland non-stock, non-profit organization and a facility applicant and a facility user as defined in the Act (the "Facility Applicant"), dated March 28, 2012, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Letter of Intent"), requesting the Town to issue and sell its bonds pursuant to the Act in an aggregate principal amount not to exceed \$28,000,000 and to loan the proceeds of the sale thereof to the Facility Applicant for the purpose of refinancing the costs of the acquisition and improvement of certain Facilities (hereinafter defined) in the Town and to pay bond issuance costs.

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

5. The Facility Applicant has requested that the proceeds of such bonds be loaned to the Facility Applicant for the purpose of:

(1) refunding the outstanding Town of Elkton, Maryland Economic Development Revenue Bond (Union Hospital Facility), Series 2000, the proceeds of which were used to finance or refinance (i) the renovation, furnishing and equipping of improvements to and upgrades of the Facility Applicant's existing hospital facility located at 106 Bow Street, Elkton, Maryland (the "Hospital"), including but not limited to (A) the buildout of the Hospital's front entrance and lobby areas, (B) the construction of a cesarean section room and the acquisition and installation of a Watch Child Central Monitoring and Archiving system in the Hospital's obstetrics department, (C) the acquisition and installation of a new boiler feed water system, (D) the acquisition and installation of a transformer, (E) the acquisition and installation of a gamma camera and other renovations to the Hospital's nuclear medicine department, and (F) the acquisition and installation of a new elevator control system; (ii) the acquisition of (A) approximately 0.25 acres of real property located at the southeast corner of Cathedral Street and Bridge Street, Elkton, Maryland and (B) approximately 1.95 acres of real property located at 115 Railroad Avenue, Elkton, Maryland, to be used for surface parking lots for patients, doctors and employees; (iii) the acquisition of such other interests in land, furnishings, fixtures, machinery and equipment for such facilities and landscaping, roads or other rights of access, utilities and other real and personal property as may be necessary or suitable for the foregoing (collectively, the "2000 Facilities"); and (iv) payment of bond issuance costs;

(2) refunding a portion of the outstanding Maryland Health and Higher Educational Facilities Authority Revenue Bonds, Union Hospital of Cecil County Issue, Series 2002, the proceeds of which were used to finance or refinance all or a portion of the cost of acquisition, construction, renovation and equipping of certain Hospital facilities, including (i) expansion and renovation of the emergency room, (ii) expansion and consolidation of the laboratory, (iii) construction of a comprehensive breast center, (iv) renovations for diagnostic testing, the diabetes center, administrative space, storage and expansion and upgrading of inpatient care areas, (v) expansion of the Hospital to include construction of a new one-story outpatient services concourse of approximately 7,500 square feet and expanded space for ancillary services of approximately 2,500 square feet, (vi) acquisition of capital equipment, (vii) acquisition of an approximately 9,000 square foot building on an approximately .39 acre parcel of land located at 226 East Main Street, Elkton, Maryland and renovations to such building, (viii) the acquisition of such other interests in land or interests in land, buildings, structures, renovations, machinery, equipment, furnishings or other real and personal property located on the same sites as the foregoing (the “2002 Facilities”); and (ix) the payment of bond issuance costs;

(3) refunding the outstanding County Commissioners of Cecil County, Maryland Economic Development Revenue Bond (Union Hospital Facilities), Series 2009, the proceeds of which were used to finance or refinance (i) the renovation, furnishing and equipping of improvements to and upgrades of the Hospital, including but not limited to (A) the renovation and upgrading of the existing surgical and endoscopy suites in the Hospital, (B) the construction and installation of a wound care center and an interventional suite in the Hospital, (C) the acquisition and installation of an open magnetic resonance imaging (MRI) system in the Hospital, (D) the renovation and upgrading of administrative offices in the Hospital, and (E) the acquisition, construction and installation of certain additional miscellaneous routine capital improvements at the Hospital; (ii) the acquisition of such other interests in land, furnishings, fixtures, machinery and equipment for such facilities and landscaping, roads or other rights of access, utilities and other real and personal property as may be necessary or suitable for the foregoing (collectively, the “2009 Facilities” and, together with the 2000 Facilities and the 2002 Facilities, the “Facilities”); and (iii) the payment of bond issuance costs; and

(4) paying bond issuance costs.

The Facilities are used by the Facility Applicant in its capacity as a 501(c)(3) organization, within the meaning of Section 150(a)(4) of the Code, for tax-exempt purposes in its activities of operating a hospital and related health care facilities.

6. The Facility Applicant acknowledges in the Letter of Intent that the Town reserves certain rights concerning the issuance of such bonds as provided in Section 5 of this Resolution.

7. The Town, based upon the findings and determinations and subject to the reservation of certain rights set forth below, has determined to issue and sell, in addition

to any bonds authorized to be issued by any other act of the Town, its bonds (within the meaning of the Act), at one time or from time to time, in an aggregate principal amount not to exceed Twenty Eight Million Dollars (\$28,000,000), hereinafter designated "Town of Elkton Economic Development Revenue Bonds (Union Hospital Facilities)" (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 refinance, in whole or in part, the costs of the Facilities and to pay bond issuance costs, to promote economic development and to generally promote the health, welfare and safety of the citizens of the State and of the Town.

8. The Bonds issued to refinance the 2000 Facilities and the 2009 Facilities in an aggregate principal amount of approximately \$19,000,000 will be "qualified tax-exempt obligations" under Section 265(b)(5) of the Internal Revenue Code of 1986, as amended (the "Code") because the bonds originally issued to finance those facilities were "qualified tax-exempt obligations". The Corporation has requested that the Town designate the remaining \$9,000,000 principal amount of the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code by allocating a portion of their 2012 bank-qualified amount to such principal amount of the Bonds.

9. Words and terms used in this Resolution (including these Recitals) that are defined in the Act shall have the meanings indicated in the Act, unless the context clearly requires a contrary meaning.

NOW THEREFORE, THE MAYOR AND COMMISSIONERS OF THE TOWN OF ELKTON HEREBY RESOLVE THE FOLLOWING:

Section 1: BE IT RESOLVED 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 Town, a "public body" 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 refinancing the "acquisition" and "improvement", within the meaning of the Act, of the Facilities, which are "facilities" within the meaning of the Act, for use by the Facility Applicant will facilitate the refinancing of the acquisition and improvement of the Facilities by the Facility Applicant.

(b) The issuance and sale of the Bonds by the Town, pursuant to the Act, for the purpose of refinancing the costs (to the fullest extent permitted by the Act) of the acquisition and improvement of the Facilities 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 Town; (ii) encouraging the increase of industry and commerce and a balanced economy in the State and in the Town; (iii) assisting in the retention of existing industry and commerce in the State and in the Town;

(iv) promoting economic development; and (v) generally promoting the health, welfare and safety of the residents of the Town and of the State.

(c) The Bonds and the interest thereon, (i) are not debts or charges against the general credit or taxing powers of the Town within the meaning of any constitutional or charter provision or statutory limitation, (ii) may not give rise to any pecuniary liability of the Town and (iii) are not a debt to which the faith and credit or taxing power of the Town is pledged. The Bonds and the interest thereon shall be limited obligations of the Town, payable by the Town solely from moneys derived from Loan repayments (both principal and interest) made to the Town by the Facility Applicant on account of the Loan and from any other moneys made available to the Town for such purpose. No such moneys will be commingled with the Town's funds or will be subject to the absolute control of the Town, but will be subject only to such limited supervision and checks as are deemed necessary or desirable by the Town 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. The public purposes expressed in the Act are to be achieved by refinancing the costs of the Facilities.

(d) The Mayor of the Town of Elkton (the "Mayor") is the chief executive of the Town within the meaning of the Act and shall undertake on behalf of the Town certain responsibilities described in the Act and hereinafter specified.

(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 Mayor, in his sole and absolute discretion, deems to be in the best interests of the Town.

(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 that this Resolution is intended to be, and shall constitute, evidence of the present intent of the Town 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 Town 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 Town on account of the Loan, and any other moneys made available to the Town for such purpose) to effect the transactions described herein or (b) an assurance by the Town 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 that as described in the Letter of Intent, the Town will not incur any liability, direct or indirect, or any cost, direct or

indirect, in connection with the issuance and sale of the Bonds, the making of the Loan or the refinancing of the Facilities; accordingly, the Facility Applicant shall (i) negotiate and approve all refinancing arrangements, and (ii) pay all costs incurred by or on behalf of the Town in connection with the issuance and sale of the Bonds, the making of the Loan, including the administration thereof, and the refinancing of the Facilities, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed refinancing, including (without limitation) the fees of bond counsel, legal counsel to the purchaser(s) of the Bonds and counsel to the Town, and compensation to any other person (other than full-time employees of the Town) performing services on behalf of the Town in connection with the transactions contemplated by this Resolution, whether or not the proposed refinancing is consummated.

Section 4: BE IT FURTHER RESOLVED that in addition to any bonds authorized to be issued by any other act of the Town, the issuance, sale and delivery by the Town 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 Twenty Eight Million Dollars (\$28,000,000), are hereby authorized, subject to the provisions of the Act and this Resolution. The Town will lend or otherwise make available the proceeds of the Bonds to the Facility Applicant as permitted by the Act, pursuant to the terms and provisions of a loan agreement to be entered into between the Town and the Facility Applicant (the "Loan Agreement"), to be used by the Facility Applicant for the sole and exclusive purpose of refinancing the Facilities and paying bond issuance costs, to the extent permitted by the Act and the Code. The Bonds and the interest thereon shall be limited obligations of the Town, repayable by the Town solely from the revenue derived from Loan repayments (principal and interest) made to the Town by the Facility Applicant and from any other moneys made available to the Town for such purpose. The maximum principal amount of Bonds which may be issued, sold and delivered pursuant to this Resolution is Twenty Eight Million Dollars (\$28,000,000), unless such amount shall be increased by a resolution supplemental hereto.

Section 5: BE IT FURTHER RESOLVED that the Town reserves the right, in its sole and absolute discretion, to take any actions which it may deem necessary in order to ensure that the Town (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 or refinance facilities which the Town determines, in its sole and absolute discretion, will provide the greatest benefit to the Town. Specifically, the Town 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 Mayor, in his sole and absolute discretion, may determine.

Section 6: BE IT FURTHER RESOLVED that the Bonds shall each be designated "Town of Elkton Economic Development Refunding Revenue Bond (Union Hospital Facilities)." The Bonds may be further identified by the year of issue or such other appropriate designation as the Mayor may approve.

The Bonds shall be dated and shall bear interest at an annual rate or rates, payable at such times, all as approved by the Mayor.

The Bonds shall mature on such date or dates as may be approved by the Mayor; 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 Town and on its behalf by the manual or facsimile signature of the Mayor. The seal of the Town or a facsimile thereof shall be affixed to each of the Bonds, and attested by the manual or facsimile signature of the Town Administrator. If deemed appropriate by the Mayor, 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 that if deemed advisable by the Mayor, the Town will enter into an indenture or trust agreement (the "Indenture") for the protection of the holders of the Bonds with a bank having trust powers or a trust company (the "Trustee") to be approved by the Mayor and, pursuant to the Indenture, the Town will assign to the Trustee (among other things) (a) all of the Town'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 Town to indemnification by the Facility Applicant, taxes paid by the Facility Applicant to the Town and to payments to the Town for the Town's administrative fees or expenses, if any, (b) the receipts and revenues of the Town from the Loan, (c) certain monies which may be at any time or from time to time on deposit with the Trustee, and (d) all of the Town's right, title and interest in and to and remedies under such documents as the Mayor shall deem necessary or expedient to effectuate the issuance, sale and delivery of the Bonds.

Section 8: BE IT FURTHER RESOLVED that in connection with the transactions described herein, the Mayor is hereby authorized and empowered, by executive order or otherwise to:

(a) accept the Letter of Intent, in order to further evidence the present intent of the Town to participate in the refinancing of the Facilities;

(b) approve the form and provisions of, execute and deliver the Bonds, the Loan Agreement and the Indenture;

(c) if necessary, appoint a trustee or trustees, a bond registrar and paying agent or agents for the Bonds;

(d) provide for the direct payment by the Facility Applicant of all costs, fees and expenses incurred by or on behalf of the Town in connection with the issuance, sale and delivery of the Bonds, including (without limitation) costs of printing (if any) and issuing

the Bonds, legal expenses (including the fees and expenses of bond counsel) and compensation to any person (other than full-time employees of the Town) performing services by or on behalf of the Town in connection therewith;

(e) specify, determine, prescribe, approve, execute and deliver (where applicable) such other matters, documents, or procedures, including (without limitation) deeds of trust, guaranties, assignments, security instruments, financing statements, and such other documents as are necessary or desirable to effectuate the authorization, sale, security, issuance, delivery or payment of or for the Bonds and the making of the Loan;

(f) provide 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; and

(g) from time to time, approve on behalf of the Town, by executive order or otherwise, any amendments or supplements to or substitutes for the forms and provisions of the Bonds, the Loan Agreement, the Indenture and all other documents executed and delivered by the Town in connection with the issuance, sale and delivery of the Bonds pursuant to the provisions of such documents, provided that each such amendment, supplement or substitute to such document shall be in accordance with the provisions of the Act, the Code, this Resolution and the documents executed and delivered in connection with the Bonds and then in effect.

The Mayor 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 Town within guidelines or parameters prescribed by the Mayor. The Mayor 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 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 Town 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 Town Attorney of the Town or his designee prior to the execution and delivery thereof by the appropriate official of the Town.

Section 10: BE IT FURTHER RESOLVED that in satisfaction of the requirements of Section 147(f) of the Code, the Town hereby approves the Facilities and the Bonds.

Section 11. BE IT FURTHER RESOLVED that the Town hereby designates the Bonds issued to refinance the 2002 Facilities in an amount not to exceed \$9,000,000 as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 12: BE IT FURTHER RESOLVED that the members of the Board of Commissioners, the Mayor, the Town Administrator, the Town Attorney, and the Director of Finance, for and on behalf of the Town, are hereby authorized and empowered to do all things, execute, deliver and seal such documents, instruments and certificates, and otherwise take all such action as the Mayor may determine by 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 of the Town 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 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 that in accordance with the Act, this Resolution takes effect from the date of its adoption.

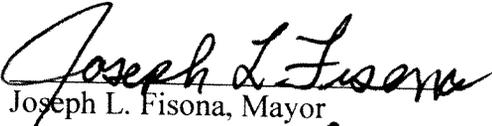
**READ AND PASSED THIS 18<sup>th</sup> DAY OF APRIL, 2012**

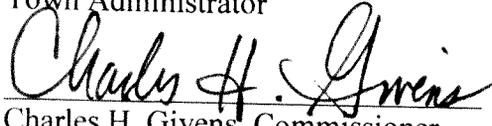
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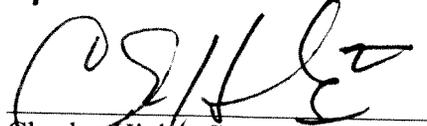
**Town of Elkton**

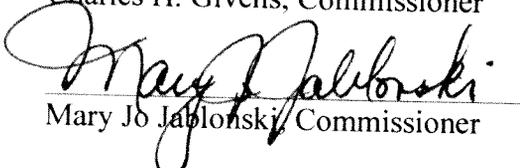
  
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Lewis H. George, Jr.  
Town Administrator

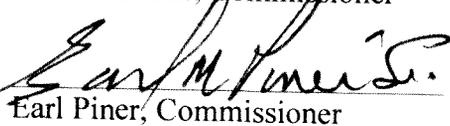
BY:

  
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Joseph L. Fisona, Mayor

  
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Charles H. Givens, Commissioner

  
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Charles Hicks, Commissioner

  
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Mary Jo Jablonski, Commissioner

  
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Earl Piner, Commissioner