

**The Mayor and Commissioners
Of The Town of Elkton**

Resolution R8-2013

A RESOLUTION GRANTING APPROVAL FOR THE ISSUANCE OF A TAX-EXEMPT ECONOMIC DEVELOPMENT REVENUE BOND IN THE PRINCIPAL AMOUNT OF UP TO \$2,230,000 AND LENDING THE PROCEEDS THEREOF TO THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF CECIL COUNTY, INC.

RECITALS

WHEREAS, the Town of Elkton (the "Town") is a public body corporate and politic, a municipal corporation and a political subdivision of the State of Maryland and a "public body" under the terms of the Maryland Economic Development Revenue Bond Act, Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"); and

WHEREAS, the Young Men's Christian Association of Cecil County, Inc., a Maryland non-profit corporation (the "YMCA") has requested the assistance of the Town in connection with the financing of a project (the "Project") that consists of (i) the current refunding of the \$2,700,000 County Commissioners of Cecil County, Maryland Economic Development Revenue Bond (Young Men's Christian Association of Cecil County, Inc. Facility), Series 2000 A; (ii) refinancing of additional existing indebtedness of the YMCA, (iii) paying a portion of the costs of issuance of this financing and (iv) other appropriate and lawful purposes (the "Project"); and

WHEREAS, the Town has received a letter from the YMCA, dated June 6, 2013 (the "Letter of Intent"), requesting that the Town consider issuing a tax-exempt economic development revenue bond (the "Town Bond") in a principal amount not to exceed Two Million Two Hundred Thirty Thousand and 00/100 Dollars (\$2,230,000.00) to finance the cost of the Project through a loan to the YMCA who will agree to make payments sufficient to pay, when due, the principal of the Town Bond and the interest thereon and all other costs as may be incurred by the Town including attorneys' fees in connection with the financing of the Project; and

WHEREAS, the Town, based upon the findings and determinations and subject to the reservation of certain rights set forth below, desires to assist with the financing the Project through the issuance and sale of the Town Bond; and

WHEREAS, the YMCA acknowledges in the Letter of Intent that the Town reserves certain rights concerning the issuance of the Town Bond as provided in Section 9 of this Resolution; and

WHEREAS, a public hearing concerning the issuance of such bonds and the location and nature of the Project has been held following reasonable public notice (within the meaning of Section 147(f) of the Internal Revenue Code of 1986, as amended); and

WHEREAS, the Town Bond is intended to be purchased by The Columbia Bank (the “Bank”) pursuant to the terms of a proposal letter from the Bank to the YMCA (the “Bank Commitment”); and

WHEREAS, after inquiry, and based upon the representations of the YMCA, the Town has determined that the financing of the Project through the issuance of the Town Bond will serve the purposes of the Act.

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

1. The issuance and sale of the Town Bond by the Town, pursuant to the Act, for the purpose of financing the Project 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.

2. BE IT FURTHER RESOLVED, that the Town hereby authorizes the issuance of the Town Bond for the purpose of assisting in the financing of the Project as described above.

3. BE IT FURTHER RESOLVED, that for the purpose of financing the Project through the issuance of the Town Bond, the Town hereby approves the issuance and sale of the Town Bond. The terms and conditions of the Town Bond (including, without limiting the generality of the foregoing, the interest rates, interest payment dates, maturity dates and redemption provisions thereof) and the form of the Town Bond shall be as approved by the YMCA and Bond Counsel and shall be acceptable to the officers of this Town who execute and deliver the Town Bond, its execution and delivery thereof to constitute conclusive evidence of such approval.

4. BE IT FURTHER RESOLVED, that the Town shall enter into a Loan Agreement with the YMCA and the Bank (the “Agreement”), such Agreement to be substantially on such terms and conditions as may be acceptable to counsel to the Town. Pursuant to the Agreement, the Town (i) will loan the proceeds of the Town Bond to the YMCA (the “Loan”) and the YMCA will agree, among other things, to make certain loan repayments in amounts and at times equal to the principal of, premium, if any, and interest on the Town Bond and (ii) shall assign all of its right, title and interest (except for its right to indemnification and payment of its fees and expenses) in and to the Agreement and the Town Bond and the loan payments to be paid by the YMCA thereunder to the Bank.

5. BE IT FURTHER RESOLVED, that the Town Bond and the interest thereon, (i) is not a debt or charge 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) is not a debt to which the faith and credit or taxing power of the Town is pledged. The Town Bond 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 YMCA under the Agreement. 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 Town Bond 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.

6. BE IT FURTHER RESOLVED, that in satisfaction of the requirements of Section 147(f) of the Code, the Town hereby approves the Town Bond and the Project.

7. 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 Town Bond 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 Town Bond, revenues derived from the loan repayments made to the Town under the Agreement, 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 Town Bond or as to the availability of one or more purchasers of the Town Bond to whom the Town Bond may lawfully be sold under, among others, applicable federal and state securities and legal investment laws.

8. 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 Town Bond, the making of the Loan or the financing of the Project; accordingly, the YMCA shall (i) negotiate and approve all financing arrangements, and (ii) pay all costs incurred by or on behalf of the Town in connection with the issuance and sale of the Town Bond, the making of the Loan, including the administration thereof, and the financing of the Project, including (without limitation) all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed financing, including (without limitation) the fees of bond counsel, legal counsel to the purchaser(s) of the Town Bond 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 financing is consummated.

9. 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 Project, 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.

10. BE IT FURTHER RESOLVED, that in connection with the transactions described herein, the Mayor is hereby authorized and empowered to (a) accept the Letter of Intent, in order to further evidence the present intent of the Town to participate in the financing of the Project; (b) approve the form and provisions of, execute and deliver the Town Bond and the Agreement; (c) specify, determine, prescribe, approve, execute and deliver (where applicable) such other matters, documents, or procedures, as are necessary or desirable to effectuate the authorization, sale, security, issuance, delivery or payment of or for the Town Bond and the making of the Loan; and (e) 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 Town Bond, the Agreement, and all other documents executed and delivered by the Town in connection with the issuance, sale and delivery of the Town Bond 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 Town Bond and then in effect.

11. BE IT FURTHER RESOLVED, that the Mayor and any other officer of this Town are authorized, empowered and directed to execute and deliver such other documents, certificates and instruments and to do such other acts or things as may be necessary, proper or desirable to affect the financing of the Project and the other transactions contemplated by this Resolution, including, without limiting the generality of the foregoing, to do such acts and things and to execute such other certificates, documents and instruments as may be necessary to comply with requirements of Sections 103 and 141 through 150 of the Code.

12. BE IT FURTHER RESOLVED, that at the request of the YMCA, the Town hereby approves the appointment of Barley Snyder LLP of York, Pennsylvania as Bond Counsel in connection with the Project and the issuance of the Town Bond.

13. BE IT FURTHER RESOLVED, that the Mayor or any other officer of the Town are authorized and directed to proceed promptly with the undertakings herein contemplated. Such officers are authorized, empowered and directed to do any and all acts and things to execute and deliver any and all documents, agreements, instruments, security documents or certificates that may be necessary, proper or desirable, to affect the transactions contemplated by this Resolution, including, but not limited to, the execution and delivery of such documents, instruments, certificates, agreements, financing statements, letters, etc., as may be reasonably

requested by Bond Counsel and as may be approved by counsel for the Town. The execution and delivery by the Mayor or any other officer of the Town, of any and all such documents, instruments or certificates that may be necessary, proper or desirable to affect the transactions contemplated by this Resolution shall constitute conclusive evidence of approval of any such document, instrument or certificate, as applicable, by the Town.

14. BE IT FURTHER RESOLVED, that the Mayor is authorized to execute and cause to be filed the Form 8038 and any other letters, elections, statements, certificates, documents or instruments that may be necessary in the opinion of Bond Counsel and counsel to the Town to secure and maintain the tax exempt status of the Town Bond as required by the Code and the regulations promulgated thereunder. The execution and delivery, by the Executive of the Town, of the Form 8038 and any and all such other letters, elections, statements, certificates, documents or instruments shall constitute conclusive evidence of approval of any and all such other letters, elections, statements, certificates, documents or instruments by the Town.

15. 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.

16. BE IT FURTHER RESOLVED, that the Town hereby designates the Town Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

17. BE IT FURTHER RESOLVED, that the Town approves, ratifies and confirms all action heretofore taken by officers and any other persons in the name or on behalf of the Town in connection with the undertakings herein contemplated.

18. BE IT FURTHER RESOLVED, that in the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of the Town that such remainder shall be and shall remain in full force and effect. All previous resolutions of the Town are hereby repealed to the extent they are inconsistent with the provisions hereof.

19. BE IT FURTHER RESOLVED, that unless previously exercised, the authority to issue the Town Bond 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.

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20. BE IT FURTHER RESOLVED that in accordance with the Act, this Resolution takes effect from the date of its adoption.

READ AND PASSED THIS ____ DAY OF JULY, 2013.

Attest:

**Mayor and Commissioners
of the Town of Elkton**

Lewis H. George, Jr.
Town Administrator

BY: _____
Joseph L. Fisona, Mayor

Charles H. Givens, Sr., Commissioner

Charles E. Hicks V, Commissioner

Mary Jo Jablonski, Commissioner

Earl M. Piner, Sr., Commissioner