

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2016 Legislative Session

Resolution No. CR-71-2016
Proposed by The Chairman (by request – County Executive
Introduced by Council Members Davis, Glaros, Franklin, Lehman and Taveras
Co-Sponsors _____
Date of Introduction September 27, 2016

RESOLUTION

1 A RESOLUTION concerning

2 Economic Development Revenue Bonds

3 For the purpose of issuing economic development revenue bonds in an aggregate principal
4 amount not to exceed twenty-two million dollars (\$22,000,000), and to loan the proceeds from
5 the sale of such bonds to (i) Chesapeake Lighthouse Foundation, Inc., (the “Foundation”) a not-
6 for-profit corporation organized under the laws of the State of Maryland, and (ii) Chesapeake
7 Education Services, L.L.C., (“CES”) a limited liability company organized under the laws of the
8 State of Maryland (“CES” and the Foundation, are collectively referred to as the “Facility
9 Applicant”).

10 WHEREAS, pursuant to Sections 12-101 through 12-118 of the Economic Development
11 Article of the Annotated Code of Maryland as amended (the Maryland Economic Development
12 Revenue Bond Act (“the Act”)), the bonds and subsequent proceeds are to be used for the
13 purpose of financing or refinancing the costs of certain facilities, within the meaning of such Act,
14 located in Prince George’s County, Maryland (the “County”); and

15 WHEREAS, the bonds and subsequent proceeds are to be used by the Facility Applicant in
16 connection with its tax-exempt purposes of operating not-for-profit charter schools in accordance
17 with and pursuant to the laws of the State of Maryland; and

18 WHEREAS, pursuant to the Act, it authorizes the County Executive to specify, prescribe,
19 determine, provide for, approve, execute and deliver any and all matters, details, forms,
20 documents or procedures necessary to effectuate the authorization, sale, security, issuance,
21 delivery and payment of and for such bonds and the lending of the proceeds; and

22 WHEREAS, the Act empowers any public body to issue and sell bonds as its limited

1 obligations and not upon its faith and credit or pledge of its taxing power, at any time and from
2 time to time, and to loan the proceeds of the sale of such bonds to one or more facility users to
3 finance or refinance the costs of the acquisition and improvement of a facility or facilities for one
4 or more facility users or the refunding of outstanding bonds; and

5 WHEREAS, the Act states the declared legislative purpose of the General Assembly of
6 Maryland to be: (1) relieve conditions of unemployment in the State of Maryland (the “State”);
7 (2) encourage the increase of industry and commerce and a balanced economy in the State; (3)
8 assist in the retention of existing industry and commerce in, and the attraction of new industry
9 and commerce to, the State through, among other things, the development of ports, the control or
10 abatement of environmental pollution, and the use and disposal of waste; (4) promote economic
11 development; (5) protect natural resources and encourage resource recovery; and (6) promote the
12 health, welfare and safety of the residents of the State; and

13 WHEREAS, on November 9, 2015, pursuant to CR-66-2015, the County issued its (i)
14 \$34,195,000 Charter School Revenue Bonds Chesapeake Lighthouse Charter School Project
15 Series 2015A and (ii) \$1,155,000 Charter School Revenue Bonds Chesapeake Lighthouse
16 Charter School Project Taxable Series 2015B (collectively “2015 Bonds”) pursuant to an
17 Indenture of Trust dated as of October 1, 2015 (“2015 Indenture”) between the County and UMB
18 Bank, National Association, as trustee (“Trustee”); and

19 WHEREAS, pursuant to the Loan and Security Agreement dated as of October 1, 2015
20 (“2015 Loan Agreement”) among the County, the Foundation, and CES, the County loaned
21 (“2015 Loan”) the proceeds of the 2015 Bonds to the Facility Applicant for the purposes and
22 terms set forth in the 2015 Loan Agreement; and

23 WHEREAS, the Facility Applicant’s obligations under the 2015 Loan Agreement
24 regarding the 2015 Loan were secured by certain real property of the Facility Applicant and the
25 improvements located upon the property pursuant to a Deed of Trust, Assignment of Rents and
26 Security Agreement dated October 1, 2015 (“2015 Deed of Trust”) from CES for the benefit of
27 the County, which 2015 Deed of Trust was assigned by the County to the Trustee as security for
28 the 2015 Bonds; and

29 WHEREAS, the County has received a letter (“Letter of Intent”) from the Facility
30 Applicant requesting the County issue and sell its bonds pursuant to the Act and as “Additional

1 Bonds” pursuant to the 2015 Indenture, which Bonds will be secured on a parity basis with the
2 2015 Bonds in accordance with the Trust Indenture; and

3 WHEREAS, in the Letter of Intent the Facility Applicant requested that the County loan
4 the proceeds of the sale thereof to the Facility Applicant, for the purpose of (a) refinancing
5 certain indebtedness of CES incurred in connection with the acquisition of land and construction
6 of high school educational facilities of Chesapeake Math & IT Academy (“CMIT North High
7 School”), (b) financing a portion of the costs of the construction, installation and equipping of
8 CMIT North High School, (c) paying capitalized interest on the Bonds, (d) funding a debt
9 service reserve fund with respect to the Bonds, and (e) paying allowable costs of issuing the
10 Bonds ((a) through (e) referred to collectively as the “Project”); and

11 WHEREAS, the Facility Applicant acknowledges in the Letter of Intent that the County
12 reserves certain rights concerning the issuance of the Bonds as provided in Section 6 of this
13 Resolution; and

14 WHEREAS, the facilities which the Facility Applicant has requested to be financed or
15 refinanced shall consist of high school-level educational facilities located at 14750 Sweitzer
16 Lane, Laurel, Prince George's County, Maryland (“Facilities”); and

17 WHEREAS, the County, based upon the findings and determinations and subject to the
18 reservation of certain rights has determined to issue and sell, its bonds, pursuant to the Act, at
19 one time or from time to time, in one or more tax-exempt or taxable series, in an aggregate
20 principal amount not to exceed twenty-two million dollars (\$22,000,000), designated Prince
21 George’s County, Maryland Charter School Revenue Bonds (Chesapeake Lighthouse Charter
22 School Project) Series 2016 (“Bonds”), and to loan (“2016 Loan” and the 2015 Loan,
23 collectively referred to as the “Loan”) the proceeds of the Bonds to the Facility Applicant on the
24 terms and conditions provided in order to finance or refinance, in whole or in part, the costs of
25 the Project and of the acquisition and improvement by the Facility Applicant of the Facilities, to
26 encourage economic development and to protect the health, welfare and safety of the citizens of
27 the State and of the County.

28 SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince
29 George's County, Maryland, that acting pursuant to the Act, it is hereby found and determined as
30 follows:

- 1 1. As evidenced by the Letter of Intent, the Bonds are to be issued pursuant to the Act by
2 the County in order to loan the proceeds to the Facility Applicant for the sole and
3 exclusive purpose of financing or refinancing the costs of the Project and of the
4 acquisition and improvement by the Facility Applicant of the Facilities.
- 5 2. The contemplated and authorized transactions under this Resolution, including the
6 financing and refinancing costs of the Project and of the acquisition and improvement by
7 the Facility Applicant of the Facilities, will promote the declared legislative purposes of
8 the Act by (i) creating and sustaining jobs and employment, thereby relieving conditions
9 of unemployment in the State and in the County; (ii) encouraging the increase of industry
10 and commerce and a balanced economy in the State and in the County; (iii) assisting in
11 the retention of existing industry and commerce in, and the attraction of new industry and
12 commerce to, the State and the County; (iv) promoting economic development; and (v)
13 promoting the health, welfare and safety of the residents of the County and of the State.
- 14 3. The Bonds, the interest, the redemption price and the purchase price, shall be limited
15 obligations of the County secured on a parity basis with the 2015 Bonds pursuant to the
16 Trust Indenture, and are payable solely from the trust estate established under the Trust
17 Indenture or from other monies made available to the County for such purpose.
- 18 4. The Bonds, the interest, the redemption price, and the purchase price shall not (i)
19 constitute an indebtedness or a charge against the general credit or taxing powers of the
20 State, the County or any other public body within the meaning of any constitutional,
21 Federal and State, or Prince George's County Charter provision or any statutory
22 limitation, or (ii) constitute or give rise to any pecuniary liability of the State, the County
23 or any other public body, and the Bonds shall not constitute an indebtedness to which the
24 faith and credit of the State, the County or any other public body is pledged.
- 25 5. The Bonds and the interest shall be limited obligations of the County secured on a parity
26 basis with the 2015 Bonds pursuant to the Trust Indenture, payable solely from the
27 revenues derived from Loan repayments, both the principal and the interest, made to the
28 Trustee by the Facility Applicant on account of the Loan and from any other monies
29 made available to the Trustee for such purpose. No such monies will be commingled
30 with the County's funds or will be subject to the absolute control of the County, but will
31 be subject only to such limited supervision and checks as are deemed necessary or

1 desirable by the County to insure that the proceeds of the Bonds are used to accomplish
 2 the public purposes of the Act and this Resolution. The transactions authorized do not
 3 constitute any (i) physical public betterment, (ii) improvement, (iii) the acquisition of
 4 property for public use or (iv) the purchase of equipment for public use.

5 6. The public purposes expressed in the Act are to be achieved by facilitating and expediting
 6 the financing and refinancing of the costs of the Project, and the acquisition, and
 7 improvement by the Facility Applicant of the Facilities.

8 7. Pursuant to the Act, the County Executive or his or her designee (the “Authorized
 9 Representative”) shall undertake on behalf of the County certain responsibilities
 10 described in and specified in the Act.

11 8. The Bonds may be sold pursuant to a limited offering, a private (negotiated) sale or at a
 12 public sale, and at, above or below par, and upon such terms as the County Executive or
 13 Authorized Representative, in his/her sole and absolute discretion, deems to be in the best
 14 interests of the County.

15 9. All or a portion of the Bonds may be issued as “qualified 501(c)(3) bonds” within the
 16 meaning of Section 145 of the Internal Revenue Code of 1986, as amended (“Code”).

17 SECTION 2. BE IT FURTHER RESOLVED that nothing in this Resolution shall be
 18 deemed to constitute (i) an undertaking by the County to expend any of its funds (other than the
 19 proceeds from the sale of the Bonds, revenues derived from the Loan repayments made to the
 20 County on account of the Loan, and any other monies made available to the County for such
 21 purpose) to effect the described transactions (ii) an assurance by the County as to the availability
 22 of one or more ready, willing and able purchasers for the Bonds or as to the availability of one or
 23 more purchasers of the Bonds to whom the Bonds may lawfully be sold under, among others,
 24 applicable federal and state securities and legal investment laws.

25 SECTION 3. BE IT FURTHER RESOLVED that as described in the Letter of Intent, the
 26 County will not incur any liability or any cost in connection with the issuance and sale of the
 27 Bonds, the making of the 2016 Loan, the financing, refinancing of the costs of the Project, the
 28 acquisition and improvement by the Facility Applicant of the Facilities; accordingly, the Facility
 29 Applicant shall:

1 (i) negotiate all financing and refinancing arrangements in connection with the financing,
2 and refinancing of the costs of the Project, and the acquisition and improvement by the Facility
3 Applicant of the Facilities; and

4 (ii) pay all costs incurred by or on behalf of the County in connection with the issuance
5 and sale of the Bonds, the making of the 2016 Loan, including the administration thereof,
6 including (without limitation) all costs incurred in connection with the development of the
7 appropriate legal documents necessary to effectuate the transactions contemplated, including
8 (without limitation) the fees of bond counsel, all costs in connection with publication of notices
9 of any public hearings to be held in connection therewith, and compensation to any other third
10 party performing services by or on behalf of the County in connection with the transactions
11 contemplated by this Resolution, whether or not such transactions are consummated.

12 SECTION 4. BE IT FURTHER RESOLVED that in addition to any bonds authorized to be
13 issued by any other act of the County, the issuance, sale and delivery by the County of the
14 Bonds, at one time or from time to time, and in one or more tax-exempt or taxable series, in an
15 aggregate principal amount not to exceed twenty-two million dollars (\$22,000,000), are hereby
16 authorized, subject to the provisions of the Act and this Resolution. The County will lend or
17 otherwise make available the proceeds of the Bonds to the Facility Applicant, as permitted by the
18 Act, pursuant to the terms and provisions of an amendment or supplement to the 2015 Loan
19 Agreement to be entered into between the County and the Facility Applicant (the "First
20 Supplement to Loan Agreement"), to be used by the Facility Applicant for the sole and exclusive
21 purpose of financing and refinancing the costs of the Project and of the acquisition and
22 improvement by the Facility Applicant of the Facilities, to the extent permitted by the Act and
23 the Code. The Bonds and the interest thereon shall be limited obligations of the County,
24 repayable solely from the revenue derived from Loan repayments (principal and interest) made
25 to the Trustee by the Facility Applicant and from any other monies made available to the Trustee
26 for such purpose. The maximum aggregate principal amount of Bonds which may be issued,
27 sold and delivered pursuant to this Resolution is twenty-two million dollars (\$22,000,000),
28 unless such amount shall be increased by a supplemental resolution.

29 SECTION 5. BE IT FURTHER RESOLVED that repayment of the 2016 Loan shall be
30 secured by the 2015 Deed of Trust, as the same is amended or supplemented (such amendment
31 or supplement being the "First Supplement to Deed of Trust") upon the issuance of the Bonds so

1 as to subject certain additional real property of the Facility Applicant and the improvements
2 located on the real property (all as more particularly described in the First Supplement to Deed of
3 Trust) to the lien originally created by the 2015 Deed of Trust. The form and substance of the
4 First Supplement to Deed of Trust shall be acceptable to and approved by the County Executive
5 or Authorized Representative prior to the issuance of the Bonds, the issuance and delivery of the
6 Bonds being contingent upon the concurrent execution and delivery of the approved First
7 Supplement to Deed of Trust.

8 SECTION 6. BE IT FURTHER RESOLVED that the County reserves the right, in its sole
9 and absolute discretion, to take any actions which it may deem necessary in order to ensure that
10 the County: (i) complies with all Federal and State laws, whether proposed or enacted, which
11 may apply to or restrict the issuance of its economic development revenue bonds, and (ii) issues
12 such bonds to finance facilities which the County determines, in its sole and absolute discretion,
13 will provide the greatest benefit to the County.

14 SECTION 7. BE IT FURTHER RESOLVED that each series of the Bonds shall be
15 designated "Prince George's County, Maryland Charter School Revenue Bonds (Chesapeake
16 Lighthouse Charter School Project) Series 2016". The Bonds may be further identified by the
17 year of issue and/or such other appropriate series or subseries designations as the County
18 Executive or Authorized Representative may approve.

19 The Bonds shall mature on such date or dates as may be approved by the County Executive
20 or Authorized Representative, provided that the Bonds shall mature not later than 30 years from
21 their date of issuance.

22 Each of the Bonds shall be executed in the name of the County and on its behalf by the
23 manual or facsimile signature of the County Executive. The seal of the County or a facsimile
24 thereof shall be affixed to each of the Bonds, and attested by the manual or facsimile signature of
25 the County Executive. If deemed appropriate by the County Executive, each of the Bonds may
26 also be authenticated by the manual or facsimile signature of a trustee, registrar or paying agent.
27 There shall be at least one manual signature on each Bond.

28 SECTION 8. BE IT FURTHER RESOLVED that the Bonds authorized pursuant to this
29 Resolution shall be "Additional Bonds" issued in accordance with the terms of the 2015
30 Indenture and secured on a parity basis with the 2015 Bonds pursuant to the Trust Indenture. In
31 connection with the issuance of the Bonds the County will enter into an amendment or

1 supplement to the 2015 Indenture (such amendment or supplement being the “First Supplement
2 to Trust Indenture”) with the Trustee for the protection of the holders of the Bonds, which First
3 Supplement to Trust Indenture shall be approved by the County Executive or Authorized
4 Representative. The 2015 Indenture, as supplemented or amended by the First Supplement to
5 Trust Indenture, is referred to as the “Trust Indenture”.

6 SECTION 9. BE IT FURTHER RESOLVED that in connection with the described
7 transactions, the County Executive or Authorized Representative is hereby authorized and
8 empowered, by Executive Order or otherwise: (i) to approve the form and provisions of the
9 transaction; (ii) execute and deliver the Bonds, the First Supplement to Loan Agreement, the
10 First Supplement to Trust Indenture and any other documents related to the contemplated
11 transactions; (iii) to approve the form and provisions of any Limited Offering Memorandum
12 or other offering documents with respect to the Bonds; (iii) to confirm the appointment of the
13 Trustee, bond registrar and paying agent or agents for the Bonds, which confirmation shall be
14 evidenced by the County's execution and delivery of the First Supplement to Trust Indenture;
15 (iv) to provide for the direct payment by the Facility Applicant of all costs, fees and expenses
16 incurred by or on behalf of the County in connection with the issuance, sale and delivery of the
17 Bonds, including (without limitation) costs of printing (if any) and issuing the Bonds, legal
18 expenses (including the fees of bond counsel) and compensation to any third party performing
19 services by or on behalf of the County in connection with abovementioned items; and (v) to
20 specify, prescribe, determine, provide, approve, execute and deliver such other matters, details,
21 forms, documents, or procedures, including, but not limited to, bond purchase agreements, deeds
22 of trust, assignments and financing statements, and such other documents as are necessary or
23 appropriate to effectuate the authorization, sale, security, issuance, delivery or payment of or for
24 the Bonds and the making of the 2016 Loan.

25 SECTION 10. BE IT FURTHER RESOLVED that the County Executive or the
26 Authorized Representative, on behalf of the County, are hereby authorized and empowered to do
27 all things, execute all instruments, and otherwise take all such action as the County Executive or
28 Authorized Representative may determine by Executive Order or otherwise to be necessary,
29 proper or expedient to carry out the authority conferred by this Resolution, including, without
30 limitation, the execution of a certificate and/or agreement pursuant to Section 148 of the Code

1 and the prescribed U.S. Treasury Regulations, subject to the limitations set forth in the Act and
2 this Resolution.

3 SECTION 11. BE IT FURTHER RESOLVED that pursuant to Section 12-111(e) of the
4 Act that the Resolution adopted under the Act is administrative in nature and is not subject to
5 procedures required for legislative acts.

6 SECTION 12. BE IT FURTHER RESOLVED that this Resolution shall take effect upon
7 its approval by the County Executive.

8 SECTION 13. BE IT FURTHER RESOLVED that the provisions of this Resolution shall
9 be abrogated and shall be of no further force and effect after one year from the date of its
10 adoption and which the Resolution becomes effective.

Adopted this 25th day of October, 2016.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Derrick Leon Davis
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive