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COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

Legislative Session

1992

Resolution No. CR-115-

1992

Proposed by The Chairman (by request - County Executive)

Introduced by Council Members Fletcher, Bell, Pemberton

and

Casula

Co-Sponsors

Date of Introduction November 17,
1992

RESOLUTION

A RESOLUTION concerning

Economic Delopment Revenue Bonds

FOR the purpose of clarifying the authorization of Prince George's County, Maryland (the "County") to issue refunding bonds pursuant to the provisions of the Maryland Economic Development Revenue Bond Act and Council Resolution No. CR-108-1986 for the benefit of Cintas Corporation No. 41, a Maryland Corporation.

RECITALS

Pursuant to the Maryland Economic Development Revenue Bond Act, Sections 266A through 266-I of Article 41 of the Annotated Code of Maryland (1982 Replacement Volume and 1986 Cumulative Supplement) (the "Act") and Council Resolution No. CR-108-1986 adopted by the County Council on October 14, 1986, (the "Authorizing Resolution"), the County authorized the sale and delivery of Prince George's County, Maryland Economic Development Revenue bonds in an amount not to exceed \$3,500,000 (the "Bonds") in order to lend the proceeds of the sale thereof to Cintas Corporation No. 41, a Maryland corporation (the "Borrower") for the purpose of financing and refinancing the costs of acquisition (within the meaning of the Act) of certain office, warehouse and distribution facilities.

On or about December 29, 1986, the Bonds were issued by Prince George's County in the amount of \$3,500,000 for the benefit of the Borrower and designated "Prince George's County, Maryland, Economic Development Revenue Bonds, (Cintas Corporation No. 41 Project) 1986 Series", pursuant to CR-108-1986.

A letter of intent (the "1992 Letter of Intent") has been submitted to the County on behalf of the Borrower dated November 1, 1992, a copy of which is attached hereto as Attachment A, requesting the issuance of revenue bonds in a principal amount not exceeding \$3,000,000 (the "Refunding Bonds") and the loan of the proceeds to the Borrower for the

purpose of refunding the Bonds and thereby refinancing the costs of acquisition (within the meaning of the Act) of certain real estate, the construction of certain improvements thereon, the acquisition and installation of certain machinery and equipment and other useful improvements in connection therewith (the "Facilities") originally financed by the Bonds pursuant to the Authorizing Resolution. The Authorizing Resolution authorized the County to issue the Refunding Bonds, but Section 9 of the Authorizing Resolution provides that the authorization under the Authorizing Resolution shall terminate in the event that the financing transactions contemplated by the Authorizing Resolution shall not have occurred by December 31, 1986, unless otherwise extended by Resolution of the County Council, approved by the County Executive. The intent of the Council in adopting the Authorizing Resolution was to authorize the issuance of refunding bonds after December 31, 1986, provided that the Bonds (the original bonds) had been issued on or before December 31, 1986. The County has determined to clarify the authority of the County to issue the Refunding Bonds as requested by the Borrower in the 1992 Letter of Intent.

SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's County, Maryland, that the County is hereby authorized to issue refunding bonds pursuant to the Authorizing Resolution and as provided therein, provided however that the expiration date contained in Section 9 of the Authorizing Resolution shall be of no force and effect.

SECTION 2. BE IT FURTHER RESOLVED that all other terms and

provisions of the Authorizing Resolution shall remain in full force and effect.

SECTION 3. BE IT FURTHER RESOLVED that this Resolution shall take effect upon its approval by the County Executive.

Adopted this 17th day of November, 1992.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY:

Richard J. Castaldi
Chairman

ATTEST:

Joyce T. Sweeney
Acting Clerk of the Council

APPROVED:

DATE: _____

BY:

Parris N. Glendening
County Executive

ATTACHMENT A

Cintas Corporation No. 41
11255 Reed Hartman Highway
Cincinnati, Ohio 45241

November 1, 1992

Prince George's County, Maryland
County Administration Building
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

Re: Prince George's County, Maryland
Economic Development Revenue Refunding Bonds.
(Cintas Corporation No. 41 Project)

Ladies and Gentlemen:

Cintas Corporation No. 41, a Maryland corporation, (the "Borrower"), respectfully requests that Prince George's County, Maryland (the "Issuer") participate, pursuant to the provisions of the Maryland Economic Development Revenue Bond Act, Sections 14-101 to 14-109, inclusive, of Article 41 of the Annotated Code of Maryland (the "Act") and Section 24 of Article 31 of the Annotated Code of Maryland or such other statutory authority as may exist when the Bonds (hereinafter defined) are issued, in the refunding of the outstanding \$3,500,000 Prince George's County, Maryland Economic Development Revenue Bonds (Cintas Corporation No. 41 Project) 1986 Series issued as of December 15, 1986 (the "1986 Bonds") in order to refinance the acquisition as defined in the Act (the "Acquisition") by the Borrower of a "facility", as defined in the Act, (the "Facility"), described in Exhibit A to this letter of intent and used by the Borrower as administrative offices, processing, warehouse and distribution facilities and located at 1769 Brightseat Road, Landover, Prince George's County, Maryland, by authorizing, issuing, and selling its refunding revenue bonds in a principal amount not to exceed \$3,000,000 (the "Bonds"). The 1986 Bonds may be referred to herein as the "Outstanding Bonds." It is intended that this letter, if accepted by the Issuer, shall constitute a "letter of intent" as contemplated by Section 14-101(h) of the Act.

The Borrower believes that the issuance, sale, and delivery of the Bonds by the Issuer will stabilize and reduce the interest costs associated with the financing of the Acquisition of the Facility and thus promote the declared legislative

purposes of the Act accomplished by financing the Acquisition of the Facility by, among other things, encouraging the increase of industry and commerce and a balanced economy in Prince George's County and the State of Maryland, assisting in the retention of existing industry and commerce by enhancing the economic viability of the Borrower and in the attraction of new industry and commerce in Prince George's County and the State of Maryland through, among other things, promoting economic development, and generally promoting the health, welfare, and safety of the residents of Prince George's County and the State of Maryland. The Borrower believes that the issuance of Bonds on its behalf will have no significant negative effect on other business entities within the County.

The Borrower further believes that the issuance, sale, and delivery of the Bonds by the Issuer will promote the public purposes described in Section 24 of Article 31 of the Annotated Code of Maryland by achieving a debt restructuring that will be in the best interests of the Borrower and the Issuer, be consistent with the long term financial goals of the Borrower and the Issuer with respect to the financing of the Acquisition of the Facilities, and realize financial objectives of the Borrower and the Issuer with respect to the financing of the Acquisition of the Facilities, including stabilization and reduction of the annual interest costs of the financing.

The Bonds shall be limited obligations of the Issuer, the principal of and premium, if any, and interest on which shall be payable solely from certain revenues of the Issuer to be derived from its participation in financing the Acquisition pursuant to the terms and provisions of the Loan Agreement (hereinafter defined) and from any other moneys made available to the Issuer for such purpose. The Borrower proposes that the Issuer lend or otherwise make available the proceeds of the Bonds (the "Loan") to the Borrower pursuant to the terms and provisions of a Loan Agreement to be entered into by and among the Issuer and the Borrower (and other necessary parties, if any) (the "Loan Agreement"). The Loan Agreement will require the Borrower to use the proceeds of the Loan for the sole and exclusive purpose of refunding all or a portion of the Outstanding Bonds.

The Loan Agreement will require the payment to or to the order of the Issuer of amounts sufficient to pay (a) the principal of and interest and redemption premium, if any, on the Bonds and (b) all expenses incurred by the Issuer in connection with the issuance and sale of the Bonds and the making and administration of the Loan, as the same become due and payable. The Borrower agrees that all costs of acquiring the Facility in excess of the proceeds of the Loan will be paid by the Borrower. The Loan Agreement will contain such other provisions as may be required by law as to which the Borrower, the Issuer, the purchaser of the Bonds, and any other necessary parties may agree, as permitted by law.

The Act empowers all the counties and municipalities of the State to borrow money by issuing negotiable revenue bonds and to lend or otherwise make available the proceeds of the sale thereof to a facility applicant (as defined in the Act) to finance the acquisition by such facility applicant of a facility or facilities (as defined in the Act). The Borrower is a "facility applicant" and a "facility user" within the meaning of the Act. The Facility constitutes a "facility" or "facilities" as defined in the Act. The Outstanding Bonds constitute "bonds" as defined in the Act.

It is expressly understood and agreed that (a) the Issuer will not incur any direct or indirect liability or cost in connection with the issuance or sale of the Bonds, the making of the Loan, the refunding of the Outstanding Bonds or otherwise in connection with the financing and refinancing of the Acquisition of the Facility, and (b) the refunding of the Outstanding Bonds and the financing and refinancing of the Acquisition of the Facility will conform to the requirements of the Borrower. Accordingly, the Borrower shall to the extent not already accomplished by the Borrower (a) select, supervise, and work with the suppliers and contractors that will provide, construct, and equip the Facility, (b) negotiate and approve all contracts, construction plans, drawings, specifications, and all financing arrangements in connection with the Acquisition of the Facility, and (c) pay all costs incurred by or on behalf of the Issuer in connection with the issuance, sale, delivery, and administration of the Bonds, the making of the Loan (including the administration thereof), and in connection with the Acquisition of the Facility. The Borrower shall also pay all costs incurred in connection with the development of the appropriate legal documents necessary to effectuate the proposed refunding and refinancing, including (without limitation) the fees of counsel to the Issuer and bond counsel and compensation to any other person (other than full-time employees of the Issuer) or entity performing services by or on behalf of the Issuer in connection with the transactions contemplated by this Letter of Intent, whether or not the proposed financing and acquisition are consummated. The Borrower acknowledges that a portion of such fees shall be paid in advance upon terms to be established by the Issuer.

It is further understood and agreed by the Borrower that the proposal contained herein is subject to final approval by the County Executive or other duly authorized officer (including, without limitation, approval of detailed provisions of all documents pertaining to the financing). The acceptance of this letter by the Issuer shall be evidence of the bona fide present intent and commitment of the Issuer to authorize the issuance, sale, and delivery of the Bonds and to authorize the Loan for the purposes described herein; provided, however, that the Borrower recognizes and agrees that:

1. The Issuer cannot make an absolute guarantee, promise or assurance that the terms and conditions of the Bonds as actually authorized to be issued (including, without limitation, the principal amount; the rate or rates of interest; the times and place or places that the Bonds are to be executed, issued, and delivered; the redemption provisions; the form, tenor, and denominations; and the times and place or places of payment of the principal and interest) will be acceptable to the Borrower.

2. The Issuer can give no guarantee, promise or assurance as to the availability of ready, willing, and able purchasers to whom the Bonds lawfully may be sold under, among others, applicable federal and state securities and legal investment laws and current or pending federal tax laws.

3. The tax status of the Bonds, if issued, will be determined under federal and state laws which are not subject to the Issuer's control and which may be changed without the Issuer's knowledge or consent and that, consequently, the Issuer can give no assurance and makes no representation that the Bonds, if issued, or the income therefrom will be tax exempt.

4. The Issuer makes no representation and offers no opinion on the appropriateness of having the Bonds issued for the Facility in lieu of any other financing alternatives or as to any benefit to the Borrower resulting from the issuance of the Bonds.

5. The Bonds shall never constitute or give rise to any pecuniary liability of the Issuer and, notwithstanding any provision of any agreement or document to which the Issuer may become a party or may become subject in connection with the transactions contemplated by this Letter of Intent, neither the Borrower nor the bondholders nor any other person shall have any claim against the Issuer or any of its officers, officials, agents or employees for damages suffered as a result of the Issuer's failure to perform in any respect any covenant, undertaking, or obligation under this Letter of Intent, the Bonds or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents.

Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding (other than those involving a claim for monetary damages) in any court or before any governmental body, agency, or instrumentality against the Issuer or any of its officer, officials, agents or employees to enforce the provisions of any of the Bond Documents.

6. The principal of, premium, if any, and interest on the

Bonds shall never constitute an indebtedness or a charge against the general credit or taxing powers of the Issuer within the meaning of any constitutional or charter provision or statutory limitation, and neither the Bonds nor any matter connected with their issuance shall ever constitute or give rise to any pecuniary liability of the Issuer. The Bonds shall be limited obligations of the Issuer, the principal of and premium, if any, and interest on which shall be payable solely from the revenues received in connection with the financing of the Facility and from any other moneys made available to the Issuer for such purpose. Moreover, nothing contained in this Letter of Intent shall be deemed to constitute an undertaking by the Issuer to expend any of its funds to effect any or all of the transactions contemplated by this Letter of Intent.

Very truly yours,

CINTAS CORPORATION No. 41

By: _____
Name: _____
Title: _____

Accepted: PRINCE GEORGE'S COUNTY, MARYLAND

Date: _____ By: Parris N. Glendening
County Executive

EXHIBIT A

The facility consists of a tract of land containing approximately 3.42 acres known as Lot 1 in the Landover Industrial Center Subdivision, located at 1769 Brightseat Road, Landover, Prince George's County, Maryland, and a one-story building containing approximately 42,000 square feet. The Facility is used by the Borrower as administrative offices, processing, warehouse and distribution facilities in its business of uniform rental and sales, and the design and implementation of corporate identity uniform programs. The Facility includes land or interests in land, buildings, structures, machinery, equipment, furnishings or other real and personal property necessary or desirable in connection with the acquisition of the foregoing facilities.