

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2015 Legislative Session

Resolution No. CR-66-2015
Proposed by The Chairman (by request – County Executive)
Introduced by Council Members Franklin, Toles, Davis, Patterson and Taveras
Co-Sponsors _____
Date of Introduction October 20, 2015

RESOLUTION

1 A RESOLUTION concerning

2 Economic Development Revenue Bonds

3 For the purpose of and pursuant to and in accordance with Sections 12-101 through 12-118 of the
4 Economic Development Article of the Annotated Code of Maryland as amended (the Maryland
5 Economic Development Revenue Bond Act “the Act”), issuing economic development revenue
6 bonds in an aggregate principal amount not to exceed Thirty-Seven Million Five Hundred
7 Thousand Dollars (\$37,500,000), and to loan the proceeds from the sale of such bonds to (i)
8 Chesapeake Lighthouse Foundation, Inc., a not-for-profit corporation organized under the laws
9 of the State of Maryland (the “Foundation”), and (ii) Chesapeake Education Services, L.L.C., a
10 limited liability company organized under the laws of the State of Maryland (“CES” and,
11 together with the Foundation, the “Facility Applicant”), to be used for the purpose of financing
12 or refinancing the costs of certain facilities, within the meaning of such Act (as defined herein),
13 located in Prince George’s County, Maryland (the “County”) and Anne Arundel County,
14 Maryland, to be used by the Facility Applicant in connection with its tax-exempt purposes of
15 operating not-for-profit charter schools in accordance with and pursuant to the laws of the State
16 of Maryland; authorizing the County Executive to specify, prescribe, determine, provide for,
17 approve, execute and deliver any and all matters, details, forms, documents or procedures
18 necessary or appropriate to effectuate the authorization, sale, security, issuance, delivery and
19 payment of and for such bonds and the lending of the proceeds thereof; reserving certain rights in
20 the County; providing for the effective date of this Resolution; providing for the termination of
21 this Resolution; and generally providing for and determining various matters in connection with
22 such bonds and the lending of the proceeds thereof.

1 WHEREAS, the Act empowers any public body (as defined in the Act) to issue and sell
2 bonds (as defined in the Act), as its limited obligations and not upon its faith and credit or pledge
3 of its taxing power, at any time and from time to time, and to loan the proceeds of the sale of
4 such bonds to one or more facility users (as defined in the Act) to finance or refinance the costs
5 of the acquisition and improvement (as defined in the Act) of a facility or facilities (as defined in
6 the Act) for one or more facility users or the refunding of outstanding bonds.

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

15 WHEREAS, the County has received a letter (the “Letter of Intent”) from (i) Chesapeake
16 Lighthouse Foundation, Inc., a not-for-profit corporation organized under the laws of the State
17 (the “Foundation”), and (ii) Chesapeake Education Services, L.L.C., a limited liability company
18 organized under the laws of the State (“CES” and, together with the Foundation, the “Facility
19 Applicant”), requesting the County to issue and sell its bonds pursuant to the Act and to loan the
20 proceeds of the sale thereof to the Facility Applicant, for the purpose of financing or refinancing:
21 (a) the current refunding of taxable bonds in the original outstanding amount of Seventeen
22 Million Seven Hundred Fifty Thousand (\$17,750,000) (the "Prior Bonds"), the proceeds of
23 which were applied to: (i) finance and refinance a portion of the costs of the acquisition,
24 construction, installation and equipping of certain educational facilities of Chesapeake Math &
25 IT Academy South Public Charter School (“CMIT South”), (ii) refinance certain indebtedness of
26 the Foundation incurred in connection with the construction and equipping of certain educational
27 facilities of Chesapeake Science Point Public Charter School ("Science Point"), (iii) fund a debt
28 service reserve fund for the Prior Bonds, (iv) pay capitalized interest on the Prior Bonds, and (v)
29 pay costs of issuing the Prior Bonds; (b) certain indebtedness of the Foundation, the proceeds of
30 which were applied to pay costs for improvements and renovations for certain educational
31 facilities of Chesapeake Math & IT Academy Elementary Public Charter School (“CMIT

1 Elementary”); (c) an HVAC project at CMIT Elementary; (d) costs of additional improvements
2 to CMIT South including the conversion of an existing warehouse into an approximately 107,000
3 square foot school building with classrooms, office space, hallways, a cafeteria, an auditorium, a
4 gymnasium and an indoor athletic field; (e) costs of issuing the Bonds (as hereinafter defined);
5 (f) the payment of capitalized interest on the Bonds; and (g) the funding of debt service reserve
6 funds with respect to the Bonds ((a) through (g) being referred to collectively herein as the
7 “Project”). The Facility Applicant is a facility user as defined in the Act. The Facility Applicant
8 acknowledges in the Letter of Intent that the County reserves certain rights concerning the
9 issuance of the Bonds as provided in Section 6 of this Resolution.

10 WHEREAS, the facilities which the Facility Applicant has requested to be so financed or
11 refinanced shall consist generally of: (i) with respect to CMIT South, charter school educational
12 facilities located at 9822 Fallard Court, Upper Marlboro, Prince George's County, Maryland; (ii)
13 with respect to Science Point, charter school educational facilities located at 7321 Parkway
14 Drive, South Hanover, Anne Arundel County, Maryland; and (iii) with respect to CMIT
15 Elementary, charter school facilities located at 6151 Chevy Chase Drive, Laurel, Prince George's
16 County, Maryland (collectively, the “Facilities”).

17 WHEREAS, the County, based upon the findings and determinations and subject to the
18 reservation of certain rights as hereinafter set forth, has determined to issue and sell, in addition
19 to any bonds authorized to be issued by any other act of the County, its bonds (within the
20 meaning of the Act), at one time or from time to time, in one or more tax-exempt or taxable
21 series, in an aggregate principal amount not to exceed Thirty-Seven Million Five Hundred
22 Thousand Dollars (\$37,500,000), hereinafter designated (i) “Prince George’s County, Maryland
23 Charter School Revenue Bonds (Chesapeake Lighthouse Charter School Project) Series 2015A”
24 with respect to a series of tax exempt bonds, and (ii) “Prince George’s County, Maryland Charter
25 School Revenue Bonds (Chesapeake Lighthouse Charter School Project) Taxable Series 2015B”
26 with respect to a series of taxable bonds (together, the “Bonds”), and to loan the proceeds of the
27 Bonds (the “Loan”) to the Facility Applicant on the terms and conditions as hereinafter provided
28 in order to finance or refinance, in whole or in part, the costs of the Project and of the acquisition
29 and improvement by the Facility Applicant of the Facilities, to encourage economic development
30 and to protect the health, welfare and safety of the citizens of the State and of the County.

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

- 4 1. As evidenced by the Letter of Intent (a "letter of intent" within the meaning of the Act),
5 the issuance of the Bonds pursuant to the Act by the County (a "public body" and a
6 "county" within the meaning of the Act) in order to loan the proceeds thereof to the
7 Facility Applicant (a "facility applicant" and a "facility user" within the meaning of the
8 Act) for the sole and exclusive purpose of financing or refinancing the costs of the
9 Project and of the acquisition and improvement by the Facility Applicant of the Facilities
10 ("facilities" within the meaning of the Act).
- 11 2. The accomplishment of the transactions contemplated and authorized by this Resolution,
12 including (without limitation) the financing and refinancing of costs of the Project and of
13 the acquisition and improvement by the Facility Applicant of the Facilities, will promote
14 the declared legislative purposes of the Act by: (i) creating and sustaining jobs and
15 employment, thereby relieving conditions of unemployment in the State and in the
16 County; (ii) encouraging the increase of industry and commerce and a balanced economy
17 in the State and in the County; (iii) assisting in the retention of existing industry and
18 commerce in, and the attraction of new industry and commerce to, the State and the
19 County; (iv) promoting economic development; and (v) promoting the health, welfare
20 and safety of the residents of the County and of the State.
- 21 3. The Bonds, and the interest thereon, and the redemption price and the purchase price
22 thereof, shall be limited obligations of the County which are payable solely from the trust
23 estate to be established under the Trust Indenture (defined herein) or from other moneys
24 made available to the County for such purpose. Neither the Bonds nor the interest
25 thereon nor the redemption price thereof nor the purchase price thereof shall ever: (1)
26 constitute an indebtedness or a charge against the general credit or taxing powers of the
27 State, the County or any other public body within the meaning of any constitutional or
28 charter provision or statutory limitation; or (2) constitute or give rise to any pecuniary
29 liability of the State, the County or any other public body, and the Bonds shall not
30 constitute an indebtedness to which the faith and credit of the State, the County or any
31 other public body is pledged; and

- 1 4. The Bonds and the interest thereon shall be limited obligations of the County, payable
2 solely from the revenues derived from Loan repayments (both principal and interest)
3 made to the Trustee (defined herein) by the Facility Applicant on account of the Loan and
4 from any other moneys made available to the Trustee for such purpose. No such moneys
5 will be commingled with the County's funds or will be subject to the absolute control of
6 the County, but will be subject only to such limited supervision and checks as are deemed
7 necessary or desirable by the County to insure that the proceeds of the Bonds are used to
8 accomplish the public purposes of the Act and this Resolution. The transactions
9 authorized hereby do not constitute any physical public betterment or improvement or the
10 acquisition of property for public use or the purchase of equipment for public use. The
11 public purposes expressed in the Act are to be achieved by facilitating and expediting the
12 financing and refinancing of the costs of the Project and of the acquisition and
13 improvement by the Facility Applicant of the Facilities.
- 14 5. The County Executive of the County (the "County Executive"), the Chief Executive
15 Officer of the County within the meaning of the Act, or his designee (the "Authorized
16 Representative") shall undertake on behalf of the County certain responsibilities
17 described in the Act and hereinafter specified.
- 18 6. The Bonds may be sold pursuant to a limited offering, a private (negotiated) sale or at a
19 public sale, and at, above or below par, and in any event in such manner and upon such
20 terms as the County Executive or Authorized Representative, in his sole and absolute
21 discretion, deems to be in the best interests of the County.
- 22 7. All or a portion of the Bonds may be issued as "qualified 501(c)(3) bonds" within the
23 meaning of Section 145 of the Internal Revenue Code of 1986, as amended (the "Code").

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

1 SECTION 3. BE IT FURTHER RESOLVED that as described in the Letter of Intent, the
2 County will not incur any liability, direct or indirect, or any cost, direct or indirect, in connection
3 with the issuance and sale of the Bonds, the making of the Loan or the financing or refinancing
4 of the costs of the Project or of the acquisition and improvement by the Facility Applicant of the
5 Facilities; accordingly, the Facility Applicant shall: (i) negotiate all financing and refinancing
6 arrangements in connection with the financing and refinancing of the costs of the Project and of
7 the acquisition and improvement by the Facility Applicant of the Facilities; and (ii) pay all costs
8 incurred by or on behalf of the County in connection with the issuance and sale of the Bonds, the
9 making of the Loan, including the administration thereof, including (without limitation) all costs
10 incurred in connection with the development of the appropriate legal documents necessary to
11 effectuate the transactions contemplated herein, including (without limitation) the fees of bond
12 counsel, all costs in connection with publication of notices of any public hearings to be held in
13 connection therewith, and compensation to any other third party performing services by or on
14 behalf of the County in connection with the transactions contemplated by this Resolution,
15 whether or not such transactions are consummated.

16 SECTION 4. BE IT FURTHER RESOLVED that in addition to any bonds authorized to be
17 issued by any other act of the County, the issuance, sale and delivery by the County of the
18 Bonds, at one time or from time to time, and in one or more tax-exempt or taxable series, in an
19 aggregate principal amount not to exceed Thirty-Seven Million Five Hundred Thousand Dollars
20 (\$37,500,000), are hereby authorized, subject to the provisions of the Act and this Resolution.
21 The County will lend or otherwise make available the proceeds of the Bonds to the Facility
22 Applicant, as permitted by the Act, pursuant to the terms and provisions of a loan agreement to
23 be entered into between the County and the Facility Applicant (the "Loan Agreement"), to be
24 used by the Facility Applicant for the sole and exclusive purpose of financing and refinancing
25 the costs of the Project and of the acquisition and improvement by the Facility Applicant of the
26 Facilities, to the extent permitted by the Act and the Code. The Bonds and the interest thereon
27 shall be limited obligations of the County, repayable solely from the revenue derived from Loan
28 repayments (principal and interest) made to the Trustee by the Facility Applicant and from any
29 other moneys made available to the Trustee for such purpose. The maximum aggregate principal
30 amount of Bonds which may be issued, sold and delivered pursuant to this Resolution is Thirty-
31 Seven Million Five Hundred Thousand Dollars (\$37,500,000), unless such amount shall be

1 increased by a resolution supplemental hereto.

2 SECTION 5. BE IT FURTHER RESOLVED that repayment of the Loan shall be secured
3 by a deed of trust (the “Deed of Trust”) on certain real property of the Facility Applicant and the
4 improvements located thereon, all as more particularly described in the Deed of Trust, which
5 Deed of Trust shall be subsequently assigned by the County to the Trustee for the benefit of
6 holders of the Bonds pursuant to an assignment of deed of trust (the “Assignment of Deed of
7 Trust”). The form and substance of each of the Deed of Trust and Assignment of Deed of Trust
8 shall be acceptable to and approved by the County Executive or Authorized Representative prior
9 to the issuance of the Bonds, the issuance and delivery of the Bonds being contingent upon the
10 concurrent execution and delivery of the approved Deed of Trust and Assignment of Deed of
11 Trust.

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

18 SECTION 7. BE IT FURTHER RESOLVED that each series of the Bonds shall be
19 designated: (i) “Prince George’s County, Maryland Charter School Revenue Bonds (Chesapeake
20 Lighthouse Charter School Project) Series 2015A” with respect to a series of tax-exempt bonds;
21 and (ii) “Prince George’s County, Maryland Charter School Revenue Bonds (Chesapeake
22 Lighthouse Charter School Project) Taxable Series 2015B” with respect to a series of taxable
23 bonds. The Bonds may be further identified by the year of issue and/or such other appropriate
24 series designations as the County Executive or Authorized Representative may approve.

25 The Bonds shall mature on such date or dates as may be approved by the County Executive
26 or Authorized Representative, provided that the Bonds shall mature not later than thirty (30)
27 years from their date of issuance.

28 Each of the Bonds shall be executed in the name of the County and on its behalf by the
29 manual or facsimile signature of the County Executive of the County. The seal of the County or
30 a facsimile thereof shall be affixed to each of the Bonds, and attested by the manual or facsimile
31 signature of the County Executive. If deemed appropriate by the County Executive, each of the

1 Bonds may also be authenticated by the manual or facsimile signature of a trustee, registrar or
2 paying agent. At least one of such signatures on each Bond shall be a manual signature.

3 SECTION 8. BE IT FURTHER RESOLVED that the County will enter into a trust
4 indenture (the "Trust Indenture") for the protection of the holders of the Bonds with UMB Bank,
5 National Association or another trust company (the "Trustee") to be approved by the County
6 Executive or Authorized Representative.

7 SECTION 9. BE IT FURTHER RESOLVED that in connection with the transactions
8 described herein, the County Executive or Authorized Representative is hereby authorized and
9 empowered, by Executive Order or otherwise: (i) to approve the form and provisions of and
10 execute and deliver the Bonds, the Loan Agreement, the Trust Indenture, the Assignment of
11 Deed of Trust and any other documents related to the transactions contemplated herein; (ii) to
12 approve the form and provisions of any Limited Offering Memorandum or other offering
13 documents with respect to the Bonds; (iii) to appoint the Trustee, a bond registrar and paying
14 agent or agents for the Bonds, which appointments shall be evidenced by the County's execution
15 and delivery of the Trust Indenture; (iv) to provide for the direct payment by the Facility
16 Applicant of all costs, fees and expenses incurred by or on behalf of the County in connection
17 with the issuance, sale and delivery of the Bonds, including (without limitation) costs of printing
18 (if any) and issuing the Bonds, legal expenses (including the fees of bond counsel) and
19 compensation to any third party performing services by or on behalf of the County in connection
20 therewith; and (v) to specify, prescribe, determine, provide for, approve, execute and deliver
21 (where applicable) such other matters, details, forms, documents, or procedures, including
22 (without limitation) bond purchase agreements, deeds of trust, assignments and financing
23 statements, and such other documents as are necessary or appropriate to effectuate the
24 authorization, sale, security, issuance, delivery or payment of or for the Bonds and the making of
25 the Loan.

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

1 148 of the Code and the U.S. Treasury Regulations prescribed thereunder, subject to the
2 limitations set forth in the Act and 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. It shall remain effective for a period of one year, and with
8 no further action required by the County Executive and the County Council of Prince George’s
9 County, Maryland, this Resolution shall be abrogated and of no further force and effect.

Adopted this 27th day of October, 2015.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Mel Franklin
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

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