

RESOLUTION NO. 25-__

A RESOLUTION TO AMEND RESOLUTION 43-11 AND AUTHORIZING AND EMPOWERING THE MAYOR AND COUNCIL OF ROCKVILLE TO ENTER INTO AMENDMENTS TO ITS ECONOMIC DEVELOPMENT REVENUE BONDS (NATIONAL LUTHERAN HOME & VILLAGE AT ROCKVILLE PROJECT), SERIES 2012 CURRENTLY OUTSTANDING IN A PRINCIPAL AMOUNT OF \$17,845,000, PURSUANT TO THE PROVISIONS OF THE MARYLAND ECONOMIC DEVELOPMENT REVENUE BOND ACT, SECTIONS 12-101 TO 12-118, INCLUSIVE, OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED; **PROVIDING THAT SUCH REVENUE BONDS AND THE INTEREST THEREON SHALL BE LIMITED OBLIGATIONS OF THE MAYOR AND COUNCIL OF ROCKVILLE, REPAYABLE SOLELY FROM THE REVENUES DERIVED FROM LOAN REPAYMENTS (AS TO BOTH PRINCIPAL AND INTEREST) MADE AVAILABLE FOR SUCH PURPOSE, AND THAT NEITHER SUCH REVENUE BONDS NOR THE INTEREST THEREON SHALL EVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE MAYOR AND COUNCIL OF ROCKVILLE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND THAT NEITHER SHALL EVER CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE MAYOR AND COUNCIL OF ROCKVILLE.**

WHEREAS, the Maryland Economic Development Revenue Bond Act, Sections 12-101 to 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), empowers all the counties and municipalities of the State of Maryland to issue revenue bonds and to loan the proceeds of the sale of such revenue bonds to a "facility user" to finance the improvement (as defined in the Act) by such "facility user" of any facility (as described in the Act). As defined in the Act, a "facility user" includes any person, public or private corporation, or other entity whether for-profit or nonprofit, that owns, leases, or uses all or part of a facility.

WHEREAS, the Act declares it to be the legislative purpose to relieve conditions of unemployment in the State of Maryland, to encourage the increase of industry and commerce and a balanced economy in the State of Maryland, to assist in the retention of existing industry and

commerce in and the attraction of new industry and commerce to the State of Maryland through among other things, the development of ports, the control or abatement of environmental pollution, and the use and disposal of waste, to promote economic development, to protect natural resources and encourage resource recovery and to promote the health, welfare, and safety of the residents of the State of Maryland.

WHEREAS, by and pursuant to resolution adopted December 12, 2011 (the "2012 Bond Resolution"), and a Bond Trust Indenture dated as of February 1, 2012 (the "Original Bond Indenture"), between the Mayor and Council of Rockville, a body politic and corporate and a municipal corporation of the State of Maryland (the "City"), and Wilmington Trust, National Association (as successor trustee to Wells Fargo Bank, National Association), as trustee, the City issued its Economic Development Revenue Bond (National Lutheran Home & Village at Rockville Project), Series 2012 (the "Original Bonds") for the benefit of The Village at Rockville, Inc., a District of Columbia non-profit corporation (the "Borrower"), and a "facility applicant," as defined in the Act.

WHEREAS, the City loaned the proceeds of the Original Bonds to the Borrower for the purpose of improving the Borrower's facility upon the terms and conditions of a Loan Agreement dated as of February 1, 2012 (the "Original Loan Agreement"), between the City and the Borrower, all as permitted by the Act (such loan being herein referred to as the "Loan").

WHEREAS, the Facility constitutes improvements to various portions of the Borrower's existing senior living facilities located at 9701 Veirs Drive, Rockville, Maryland 20850, is a "facility" as defined in the Act, is further described on Schedule 1 attached hereto and made a part hereof, which description is hereafter collectively referred to as the "Facility."

WHEREAS, the 2012 Bond Resolution authorizes the execution and delivery of supplements and amendments to the Original Bonds, the Original Loan Agreement, Original Bond Indenture (the Original Bond Indenture collectively with the Original Bonds and the Original Loan Agreement, the "Original Bond Documents").

WHEREAS, pursuant to a letter of intent dated June 5, 2025, the Borrower has requested that the City enter into modifications to the Original Bond Documents to adjust the principal payment and optional redemption dates and make other related modifications (collectively, the "Modifications"), which will result in a reissuance of the Original Bonds under the Internal Revenue Code of 1986, as amended (the "Tax Code").

WHEREAS, the City, in compliance with Section 147(f) of the Tax Code, held a public hearing on June 16, 2025, pursuant to notice (in form attached hereto as Exhibit A) published in *The Washington Post*, a newspaper of general circulation in the City of Rockville, on June 5, 2025, for the purpose of apprising affected residents of the City of Rockville, Maryland of the Modifications. The City has determined following such public hearing, and after having duly considered the necessity for the delivery of the documents evidencing the Modifications (the "Modification Documents") for promotion of economic development purposes and of the health and welfare of the residents of the City and surrounding areas, that there will be a substantial public benefit from the reissuance of the Original Bonds, that the reissuance of the Original Bonds to refinance the Facility

is in the public interest and for a public purpose and, by this Resolution, has given its approval to the Modifications, the Bonds (as defined below) and the Facility.

WHEREAS, the City, based upon the findings and determinations set forth below, has determined to participate in the Modifications by (a) amending and restating the Original Bonds as provided by the Modifications and not increasing the amount of principal outstanding (the "Bonds"), and (b) entering into amendments, if any as needed to the Original Loan Agreement (as amended, the "Loan Agreement") and the Original Bond Indenture (as amended, the "Bond Indenture"), all as permitted by the Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Rockville,

SECTION 1. That, acting pursuant to the Act, it is hereby found and determined as follows:

(1) The City reaffirms and ratifies the authorizations contained in the 2012 Bond Resolution and hereby authorizes the execution and delivery of the Modification Documents. The City finds that the delivery of the Modification Documents pursuant to the Act will facilitate and expedite the maintenance and operation of the Facility by the Borrower.

(2) The maintenance and operation of the Facility by the Borrower and the refinancing thereof as provided in this Resolution will promote the declared legislative purposes of the Act by (a) creating jobs and employment, thus relieving conditions of unemployment in the State of Maryland and in the City of Rockville, Maryland; (b) assisting in the retention of existing industry and commerce and in the attraction of new industry and commerce in the State of Maryland and in the City of Rockville, Maryland; (c) promoting economic development; and (d) promoting the health, welfare and safety of the residents of the State of Maryland and the City of Rockville.

(3) The terms of the Modifications shall be substantially in compliance with the forms of the Modification Documents on file with the City.

(4) NEITHER THE BONDS NOR THE INTEREST THEREON SHALL EVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY OR A CHARGE AGAINST, OR PLEDGE OF THE GENERAL CREDIT OR TAXING POWERS OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION, AND NEITHER SHALL EVER CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE CITY. THE BONDS AND THE INTEREST THEREON SHALL BE LIMITED OBLIGATIONS OF THE CITY, REPAYABLE BY THE CITY SOLELY FROM THE REVENUES DERIVED FROM LOAN REPAYMENTS (BOTH PRINCIPAL AND INTEREST) MADE TO THE CITY BY THE BORROWER ON ACCOUNT OF THE LOAN AND FROM ANY OTHER MONIES MADE AVAILABLE TO THE CITY FOR SUCH PURPOSE.

SECTION 2. That the City hereby approves the Modifications, the Bonds and the Facility and is authorized and empowered to deliver the Bonds, and, if and as needed, the other Modification Documents. The City Manager and any officer designated by the City Manager are hereby

authorized to enter into the Modification Documents and such other instruments or certificates that may be requested by the Borrower in connection with the Modifications.

SECTION 3. That this Resolution is intended to be, and shall constitute, evidence of the City's approval to the extent required under Section 147(f) of the Tax Code of the Bonds and the Modification Documents.

SECTION 4. That the provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances and the remaining provisions shall be construed so as to give practical realization to the public purposes intended to be achieved hereunder and the protection against pecuniary liability to be afforded to the City. It is hereby declared to be the legislative intent that this Resolution would have been passed if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included herein, and if the person or circumstance to which this Resolution or any part hereof is inapplicable had been specifically exempted therefrom.

SECTION 5. That in the event that the financing transactions contemplated by this Resolution shall not have occurred by December 31, 2025, the City's authorization under this Resolution shall terminate unless otherwise extended by resolution of the City.

SECTION 6. That this Resolution shall take effect from the date of its adoption.

SCHEDULE 1

THE FACILITY

The proceeds from the sale of the Bonds will be loaned to the Borrower to be used by the Borrower to finance or refinance (or reimburse for prior capital expenditures in connection with) the design, improvement, acquisition, construction, renovation, equipping and development of a portion of the costs of improvements to the Borrower's existing senior living facilities located at 9701 Veirs Drive, Rockville, Maryland 20850, including renovations to existing apartment units and the reconfiguration of certain skilled nursing units to add an additional level of care. The proceeds from the sale of the Bonds may also be used by the Borrower to fund a debt service reserve fund and capitalized interest for the Bonds, and to pay certain costs of issuance and other related costs.

EXHIBIT A

Public Notice

(attached)