

SECTION 4. AND BE IT FURTHER ENACTED, That the proceeds of the sale of said bonds shall be used and applied exclusively and solely for construction of additions and improvements to Frederick Memorial Hospital for which the bonds were sold and shall be loaned or otherwise paid by the Treasurer of the County to or for the benefit of Frederick Memorial Hospital as and when and under such terms, conditions and documentation and secured by such collateral as the County directs in accordance with the terms and conditions of its agreement or agreements with Frederick Memorial Hospital, Inc., of the resolutions of the County, and of this Act. If the proceeds of the sale of any series or issue of said bonds ~~exceeds~~ exceed the amount needed to finance the hospital-improvements construction of additions and improvements to Frederick Memorial Hospital, the excess funds so borrowed and not expended shall be applied to the payment of the next principal maturity of the bonds or to the redemption of any part of the bonds which have been made redeemable or to the purchase and cancellation of bonds, as the County may determine to be in its best interest.

The authority granted under this Act shall not be exercised, nor shall any of the proceeds of the sale of bonds be used or applied, in any manner which would cause any bonds, refunding bonds or temporary bonds issued hereunder to be deemed "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code of 1954, as amended.

It is the intent of this Act that the County be vested with full discretion and authority to determine what portion, if any, of the cost of any construction of additions and improvements to Frederick Memorial Hospital be paid from the proceeds of general obligation bonds authorized pursuant to this Act and that the County may provide or require such conditions for the loan of the proceeds of such bonds to Frederick Memorial Hospital, Inc., as the County deems necessary or appropriate, including (without limitation) provision for the repayment of such loan from rates charged patients at the hospital. The County is further expressly authorized to agree that construction of additions and improvements to Frederick Memorial Hospital may be financed in whole or in part from the proceeds of: (i) general obligation bonds issued pursuant to this Act or any other Act authorizing the issuance of general obligation bonds of the County for such purpose, or (ii) revenue bonds issued pursuant to any authority authorizing the issuance of revenue bonds to finance the hospital improvements, or (iii) any combination of (i) and (ii); in connection with such agreement (without in any way creating any limitation on the discretion of the County) the County may further agree, in its discretion, that any interest (actual or implied) of the County in the hospital or in any receipts or assets of the hospital may be subordinated to the interests of the holders of any revenue bonds issued to finance the hospital improvements, all as may be determined in the absolute discretion of the County.