



February 10, 2005

Stephen Z. Kaufman, Esq.
Linowes & Blocher LLP
7200 Wisconsin Avenue
Suite 800
Bethesda, Maryland 20814-4842

Re: Good Counsel High School

Dear Mr. Kaufman,

We serve as financial advisor to Our Lady of Good Counsel High School in connection with an approximately \$48 million tax-exempt bond financing. The School desires to complete that financing by mid-May in order to fund the cost of acquiring 50 acres of land in Olney and building a new school facility which it hopes to occupy in late 2006. An integral component of the structure of the bond issue is credit enhancement by M&T Bank and bond insurance provided by the Maryland Industrial Development Financing Authority ("MIDFA"). MIDFA staff has advised of its interest in providing such insurance which is subject to final approval by the MIDFA Board on February 17. As a condition of MIDFA insurance, MIDFA desires also to be the issuer of the bonds on behalf of the School.

After starting the financing process in December with MIDFA, its bond counsel and other members of our finance team, we learned to our surprise that the Good Counsel site is not located in the Olney Priority Funding Area ("PFA"). In order for MIDFA to serve as issuer of the bonds and provide bond insurance, the School site must be located within the PFA. MIDFA staff has advised me that it considers the School project to be economically and socially significant because of such factors as (1) the considerable capital investment that will be made in the Olney area, (2) the increase in School employment resulting from a larger facility and enrollment, (3) the ancillary economic benefit that will accrue to the area and (4) the School's Latino Program pursuant to which it offers extensive scholarship and tuition assistance to a large number of disadvantaged Hispanic students in the area. It is important to note that the School will be selling its existing Wheaton facility to a real estate development firm and that that property will be redeveloped into new residential housing with additional economic benefit to the County.

Although we have not seen specific State criteria for admission of a property into a PFA, we understand that basic requirements are access to public water and sewer and adequate population and development intensity in the surrounding areas. We believe that the School's site satisfies those criteria.

We understand from discussion with MIDFA staff and you that under the circumstances, the County and the State should be supportive of amending the PFA to incorporate the School site. Because of the timing constraints associated with the structuring and issuance of the School's bonds, it is crucial that the PFA be amended no later than the end of March by which time the School and its finance team will be preparing to enter the bond market to sell the bonds.

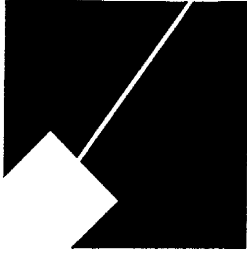
I hope that this letter is helpful and would be glad to meet, or speak on the telephone, with representative of the County and State at any time to provide additional information. If you have any questions, please call me.

Sincerely,



Kevin G. Quinn


cc: Arthur Raimo, Our Lady of Good Counsel High School
Gregory Cole, MIDFA
James Cumbie, Esq., Venable LLP



MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION8787 Georgia Avenue
Silver Spring, Maryland 20910-3760MCPB
Item No. 14
7/23/98**MEMORANDUM**

TO: Montgomery County Planning Board

FROM: Charles R. Loehr, Chief 
Development Review Division

DATE: July 17, 1998

SUBJECT: Designating County Priority Funding Areas (Smart Growth)

Recommendation

Transmit staff memo and map to County Council for certification as County's Priority Funding Areas.

Introduction

In its 1997 Session, the Maryland General Assembly enacted a package of legislation known as Neighborhood Conservation and Smart Growth initiatives. The purpose of this legislation is to support growth in appropriate areas and limit development in agricultural and other resource areas. The five Smart Growth initiatives include:

1. Designation of Priority Funding Areas (also called Smart Growth areas)
2. Rural Legacy Program
3. Brownfields Redevelopment
4. Job Creation Tax Credits
5. Live Near Your Work Program

The Smart Growth initiatives provide the next step in implementing the Economic Growth, Resource Protection, and Planning Act of 1992 (Growth Act) which was Maryland's first major statewide growth management legislation. The Growth Act created a policy framework that includes the following seven visions for guiding future development:

1. Development is concentrated in suitable areas;
2. Sensitive areas are protected;
3. In rural areas, growth is directed to existing population centers and resource areas are protected;
4. Stewardship of the Chesapeake Bay and the land is a universal ethic;
5. Conservation of resources, including a reduction in resource consumption, is practiced;
6. To assure the achievement of 1 through 5 above, economic growth is encouraged and regulatory mechanisms are streamlined; and
7. Funding mechanisms are addressed to achieve these visions.

The Growth Act requires that all local comprehensive plans, zoning ordinances and subdivision regulations be consistent with the seven visions and encourage streamlined review, flexible development standards, and innovative techniques to foster economic development in areas designated for growth. Montgomery County's plans and regulations have already been certified by the State as meeting all of these requirements.

The 1997 Smart Growth initiatives build on the 1992 Growth Act by directing State expenditures to areas identified for additional growth or preservation. The Board is already familiar with the Rural Legacy Program and the Live Near Your Work Program. Probably the most significant Smart Growth initiative, however, is the designation of priority funding areas. Beginning October 1, 1998, the State is required to target funding for "growth-related" projects to priority funding areas. Growth-related projects include most State programs which encourage or support growth and development such as highways, sewer and water construction, economic development assistance, and State leases and construction of new office facilities.

The purpose of this memo is to describe the process for designating priority funding areas and then identify recommended priority funding areas in Montgomery County.

Process for Designating Priority Funding Areas

The Smart Growth legislation designated initial priority funding areas and included criteria

for counties to designate additional priority funding areas based on land use, residential density, and water and sewer service. Areas designated in the legislation include municipalities, areas within the Baltimore and Washington beltways, neighborhoods identified by the Maryland Department of Housing and Community Development for revitalization, and Enterprise Zones.

The criteria for county designated areas are intended to include existing communities and areas where industrial or other economic development is desired. Counties may also designate areas planned for new residential development if they will be served by water and sewer systems and meet ceiling density standards. The criteria for county designation are summarized in the chart on the following page, prepared by the Maryland Office of Planning.

Recommendations for Priority Funding Areas in Montgomery County

Using the criteria in the legislation, staff have identified the following eight categories of priority funding areas in Montgomery County.

1. The area inside the Beltway
2. Municipalities not in the Regional District
3. Areas zoned industrial
4. Areas zoned for other employment uses with existing or proposed sewer
5. Existing residential development between 2.0 and 3.5 units per acre with sewer
6. Existing residential development between 2.0 and 3.5 units per acre with water, but no sewer
7. Areas zoned residential or mixed use with a density of greater than 3.5 units per acre with existing or proposed sewer
8. Rural Villages

The area inside the Beltway is self-explanatory. For the second category, the seven municipalities that are not part of the Regional District were mapped. These include Rockville, Gaithersburg, Poolesville, Brookeville, Barnesville, Laytonsville and Washington Grove.

Areas zoned industrial include the four "T" zones, R & D and Life Sciences Center. The legislation requires that areas zoned industrial after January 1, 1997 must be served by sewer. A few small areas in Fairland fall into this category and are served by sewer so they were also mapped.

SUMMARY OF CRITERIA FOR COUNTY PFA DESIGNATIONS

TYPES OF AREAS ELIGIBLE FOR PFA DESIGNATION		PFA DESIGNATION CRITERIA			
		COMPREHENSIVE PLAN CRITERIA	DENSITY CRITERIA ^{1,2}	SEWER ³	ADDITIONAL RESTRICTIONS OR TESTS
Areas Zoned Industrial	By Jan. 1, 1997	N/A	N/A	N/A	N/A
	After Jan. 1, 1997	Within a locally designated Growth Area	N/A	Existing	N/A
Areas Principally Used for Employment		Within a locally designated Growth Area	N/A	Existing or Planned in 10-year Sewer Pan	N/A
Existing Communities (as of January 1, 1997), including vacant land within the Community	With Sewer	Within a locally designated Growth Area	2.0 units per acre	(Existing Sewer)	N/A
	With Water Only	Within a locally designated Growth Area	2.0 units per acre	(Existing Water, but no Sewer)	Funded project must maintain community character and may not increase growth capacity except for in-fill and "limited peripheral development" ⁵
	Expansions Beyond the Periphery of the Developed Community	The original "existing community" must be in a locally designated Growth Area	3.5 units per acre	If Sewer Serves the Area ⁴	N/A
Areas Other Than Existing Communities		Within a locally designated Growth Area	3.5 units per acre	Planned in 10-year Sewer Plan	PFA designation must represent a long term policy for orderly development and efficient use of land and public services
Rural Villages (The PFA boundary must be defined by the periphery of the developed portion of the village as of July 1, 1998)		The Village must be designated in the Comprehensive Plan by July 1, 1998	N/A	N/A	Funded project must maintain community character and may not increase growth capacity except for in-fill and "limited peripheral development" ⁵

¹Density refers to the portion of the Area designated by local government for residential use or development.

²For developed areas, density means average "actual" density. For vacant land, density means average "permitted" density, as defined by zoning.

³All sewer requirements may be satisfied by either public or community systems.

⁴The State may fund the sewer before the Area is certified as a PFA if permitted density is at least 3.5 units per acre.

⁵The law defines "limited peripheral development" as development contiguous to an existing community or village that does not increase the number of dwelling units by more than 10 percent.

Areas zoned for other employment uses include all the "C" zones, OM, HM, TS-M, PCC, RS and the CBD zones. These areas were overlaid with the County sewer map so that only properties with existing or proposed sewer (S-1 to S-5) were mapped.

For residential Smart Growth areas, the Act distinguishes between existing development of at least 2.0 units per acre with either existing sewer or existing water without sewer, and new growth of at least 3.5 units per acre with existing or proposed sewer. Since all existing development over 3.5 units per acre is served by public sewer, for mapping purposes it was more efficient to combine existing development over 3.5 units per acre with new growth of over 3.5 units per acre.

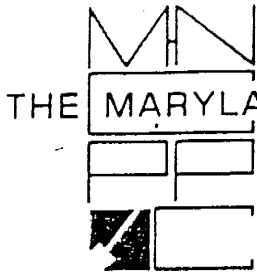
Existing development between 2.0 and 3.5 units per acre was then obtained by mapping the R-200, RMH-200 and R-150 zones and overlaying those areas with, first, sewer category S-1 and, second, water category W-1 combined with sewer category S-2 to S-6.

Existing and proposed development of more than 3.5 units per acre involved mapping all of the R-90 and denser "R" zones, all of the "RT" zones, the TDR options of 3.0 (3.6 with MPDUs) and greater, and the RH and TS-R zones. Since the State guidelines did not include a separate category for mixed-use zones, the PD, TS, PRC, PN, MXPD, MXN and RMX zones were also included here. Staff intends to prepare a second map that shows these zones separately.

The final category of priority funding areas is Rural Villages. Based on an analysis by Community-Based Planning (see attached memo), the following Rural Villages were mapped: Beallsville, Dickerson, Boyds, Comus, Dawsonville, Hyattstown, Lewisdale, Browningsville, Damascus, Cedar Grove, Woodfield, Sunshine-Unity, Sandy Spring-Ashton, and Clagettsville.

Staging of Development

It should be noted that even though certain areas may be designated as priority funding areas based on the Smart Growth legislation, this designation does not supersede local planning controls. All master plan phasing requirements, Annual Growth Policy staging ceilings, and other County development controls remain in full effect.





THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
8787 Georgia Avenue • Silver Spring, Maryland 20910-3760

July 9, 1998

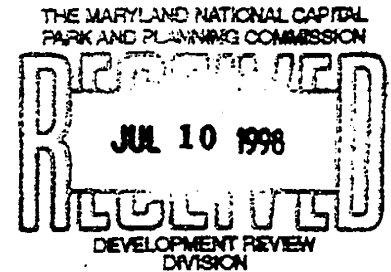
MEMORANDUM

TO: Charlie Loehr, Chief
Development Review

VIA: Melissa Cuñha Banach, Chief 
Community-Based Planning Division

FROM: Judy Daniel, Team Leader, Rural Area 
Community-Based Planning Division

SUBJECT: Rural Village Designations for PFA Smart Growth Designation



Per your request, I have evaluated the potential rural villages in Montgomery County. The Master Plan for the Preservation of Agriculture and Rural Open Space (1980) designated a number of areas as Rural Communities. I believe this designation will meet the requirement that such communities must be "identified in the county Comprehensive Plan as of July 1, 1998". Below is a list of the designated communities. Let me know if you need maps identifying their boundaries.

The following communities are designated as rural communities and still retain a central identity through concentration of residences, post offices, stores or other commercial or institutional uses: Beallsville, Dickerson, Boyds, Comus, Dawsonville, Hyattstown, Lewisdale, Browningsville, Damascus, Cedar Grove, Woodfield, Sunshine-Unity, Sandy Spring-Ashton, and Clagettsville.

The following communities are incorporated rural communities (although M-NCPPC still handles planning and zoning issues for Barnesville): Barnesville, Poolesville, Laytonsville, and Brookeville.

The following communities are designated as rural communities on the master plan but actually retain very little central identity even though they may reflect areas of 1-2 acre residual residential zoning. This zoning predates the agricultural reserve but is not reflective of the character of these areas which is predominantly rural and scattered residential without unifying commercial or institutional uses: Martinsburg, Sugarland, Jonesville, Brooke Grove, Big Woods, Buck Lodge, Thompson's Corner, Purdum, Etchison, Goshen, and Mt. Zion.

JD:ha: a:\daniel1\loehrmem.wpd