

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

OFFICE OF THE ATTORNEY GENERAL

Joseph Curran Jr.

217 E. REDWOOD STREET, BALTIMORE, MARYLAND 21202

410/767-6454

410/333-8298 (Fax)

MEMORANDUM

TO: Alex A. Agwuna

FROM: Susan B. Dubin (b)(7)

DATE: February 6, 1996

RE: Shore Communications, Inc.
Pre-Closing No. C1405
Closing No. C235

On December 19, 1995, a closing was held for a term loan from Provident Bank of Maryland (the "Lender") to Shore Communications, Inc. (the "Borrower") in the amount of \$600,000 insured 20% by MIDFA not to exceed \$120,000 and a guidance line in the amount of \$600,000 insured 50% by MIDFA not to exceed \$300,000 (the "Loans").

The proceeds of the Loans are for (a) construction (including acquisition and installation of equipment) and operation of communications towers and (b) general working capital. The Loans are secured by deeds of trust on the communications tower sites, the Borrowers, and the personal guarantees of Sapperstein.

Insurance premiums were waived by the Authority. I have enclosed for your file the Financing and Security Agreement, the Insurance Agreement and the Guaranty Agreement.

cc: Arthur S. Drea, Jr.
Catherine Kates
Charles McGee
Evelyn Rogers
Dennis Trencher

MINUTES

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY

The Regular Meeting of the Maryland Industrial Development Financing Authority was held on July 27, 1995 in Room 2205 of the Department of Business and Economic Development's offices in the Redwood Tower Building at 217 East Redwood Street, Baltimore, MD. The meeting was convened at 10:00 AM. The following were in attendance.

Authority Members

Thomas H. Mullaney, Chairman
Bernard Koman, Vice Chairman
Stephen Cordi
Arthur S. Drea, Jr.
Thomas R. Marvel
Warren P. Rothe

Authority Staff

Members

A.P. Ramsey Crosby
James R. Gatto
Charles McGee
David J. Steinhoff
Bill Green
Kevin Mahon
Marie Torres

Legal Staff

James G. Davis
Susan B. Dubin
Barbara Curnin Kountz
Joyce A. Stroupe

Department Staff

Alex A. Agwuna
Sandra Carroll
Christine Cortez
Roger Drechsler
Ched Kohlerman
Dennis E. Trencher

I. Minutes

The minutes from the June 22, 1995 meeting were presented. After a proper motion and second, the minutes were approved.

II. Financing Applications

A. MIDFA Conventional Program

1. Shore Communications, Inc.

Presenter - Charles McGee

Provident Bank of Maryland requested that MIDFA provide 20% insurance on a \$600,000 term loan and 50% insurance on a \$600,000 line of credit to Shore Communications to allow the company to restructure its existing long term debt and to finance the construction of five communication towers on the eastern shore of Maryland.

The details of the proposed financing are as follows:

Borrower: Shore Communications, Inc.

Lender: Provident Bank of Maryland

**Requested
Financing: \$600,000 term loan**

\$600,000 line of credit

Term: Term Loan: Five years

Line: On demand, insurance expires one year from closing

Interest Rate: Prime +1.5% floating on both loans

**Insurance
Premiums: Waived**

**Insurance from
the Authority's
Authorized Purpose**

Insurance Fund: Term Loan: 20% of principal and interest not to exceed \$120,000

Line: 50% of principal and interest not to exceed \$300,000

Mr. McGee described the nature of the transaction as well as Mark Sapperstein's experience in the industry. He also indicated that the term loan would be used to replace an existing loan with Annapolis National Bank.

He noted the quality of the financial statements and described the economic impact of the transaction. Mr. McGee indicated that the largest stumbling block the

company might incur is its ability to get zoning approval to construct towers in a given area. Competition is limited due to the FCC rationing of licenses. Companies that will lease space on the towers include Bell Atlantic, Nynex, Sprint, and Cellular One.

Mr. Marvel asked for a description of the lease terms. Mr. McGee indicated that a typical term is ten years and described the pricing structure. In response to another question by Mr. Marvel, Mr. McGee stated that the leases would be assigned to the lender.

Mr. Koman asked who would maintain the equipment on the towers. Mr. McGee said it was the responsibility of the company leasing the space.

Mr. Mullaney, Mr. Marvel and Mr. Rothe expressed concern about the quality of the historical financial statements in light of the reclassification of fixed assets and said that they felt a reviewed quality statement should be received before closing.

After a proper motion and second, the Authority approved the transaction. The approval was contingent upon the receipt of a reviewed quality statement for the most recent fiscal year end prior to closing. A copy of the resolution is filed with the permanent set of minutes maintained in the Authority's office.



Maryland

Department of Business & Economic Development

Parris N. Glendening
Governor
James T. Brady
Secretary

*217 East Redwood Street
Baltimore, Maryland 21202*

September 15, 1995

Shore Communications, Inc.
28 Walker Avenue
Baltimore, Maryland 21208

Re: Financial Assistance under the MIDFA Conventional Program for the
benefit of Shore Communications, Inc. (Authority Pre-Closing Loan No.
C1405)

Ladies and Gentlemen:

The Maryland Industrial Development Financing Authority (the "Authority") is pleased to advise you that your application for financial assistance under the Authority's Conventional Program has been approved. The Authority has prepared this commitment letter for your information and your approval, so that the proposed terms of the financing may be agreed to and the necessary documents prepared. Copies of the Resolutions adopted by the Authority on July 27, 1995, describing and approving the proposed transaction, the financing and the Authority's financial assistance (collectively the "Resolution") are enclosed as a part of this commitment letter.

Please note the following terms, conditions and requirements of this commitment letter:

1. Structure of Financing. The Authority intends to provide financial assistance in connection with the transaction upon the terms set forth in this commitment letter and upon such other terms as may be required by Provident Bank of Maryland (the "Lender") and approved by the Authority. The Lender shall make a term loan and extend a Line of Credit (the "Loans") as later described in this commitment letter to the Borrower, to refinance existing debt and pay closing costs and costs of construction of communications towers.

6. Survival of Conditions; Time of Essence. The financing documents shall incorporate the terms and conditions of this commitment letter and shall supersede this commitment letter upon issuance of the Authority's insurance unless specifically provided otherwise in the financing documents. Time is of the essence hereof.

7. Advertising. The Borrower authorizes the Authority to place a sign at the Borrower's premises at any location selected by the Authority and to prepare and furnish news releases to the news media or any other publications selected by the Authority advertising the Borrower's involvement in the Authority's Conventional Program and the details of the financing and the transaction.

8. Amendment to Commitment Letter; No Assignment. This commitment letter may not be changed except by written agreement signed by the Borrower and the Authority, and may not be assigned by the Borrower, by operation of law or otherwise, unless the Authority shall consent in writing to such assignment.

If you have any questions about the Conventional Program or about this commitment letter, please feel free to call Charles McGee at (410) 333-1834 or our counsel, Barbara Curnin Kountz or Susan B. Dubin, Assistant Attorneys General, at (410) 333-4813. Please return this commitment letter to the attention of Charles McGee.

Sincerely,



James D. Fielder, Jr., Ph. D.
Deputy Secretary

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:



Assistant Attorney General

Attachments

Term Sheet

List of Documents and Information to be Supplied

Resolution

THE FOREGOING TERMS AND CONDITIONS ARE AGREED TO AND ACCEPTED:

BORROWER: SHORE COMMUNICATIONS, INC.

By:

Date:

9/20/95

PERSONAL GUARANTORS:

9-20-95
Date

9/20/95

cc: Marjorie A. Feurer
Charles McGee
Susan B. Dubin, Esquire

2. Lender's Commitment Letter. Documents cannot be prepared until a commitment letter has been issued by the Lender (and accepted by the Borrower and reviewed and approved by the Authority's staff) specifying and describing the terms and conditions of the Loans.

3. Documents and Closing. All financing documents shall be executed by the Borrower on the date of closing of the Loans (the "Closing Date"). The financing documents will contain affirmative and negative covenants and representations and warranties, events of default, and other provisions pertaining to the parties, payment of taxes, provision of insurance, compliance with laws, the security for the Loans, and the financing, as are customarily required of borrowers and guarantors by commercial banks and other institutional lenders in connection with similar financings.

4. Compliance with Law. Financial assistance by the Authority is contingent upon, among other things, compliance by all parties to the transaction with the relevant provisions of all applicable laws, including the Maryland Industrial Development Financing Authority Act, as amended.

5. Termination of Commitment Letter. The Authority may terminate this commitment letter, in its sole and absolute discretion, if:

(a) any feature of the transaction has been or is misrepresented in the application or other materials filed with the Authority;

(b) the Authority determines in its sole and absolute discretion, that (i) a material change in the transaction has occurred or (ii) the Borrower or any Personal Guarantor has suffered a material adverse change in financial condition;

(c) any event has occurred which would constitute an event of default under any of the financing documents;

(d) this commitment letter is not accepted by the Borrower and the Personal Guarantors and returned to the Authority's office within 15 days from this date; or

(e) the Loan does not close on or before January 31, 1996.