
MANUFACTURERS AND TRADERS TRUST COMPANY

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

DEPARTMENT OF NATURAL RESOURCES

and

COUNTY COMMISSIONERS OF ALLEGANY COUNTY

CASH FLOW SHARING AGREEMENT

\$45,242,100.28

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

REFUNDING REVENUE BONDS

(ROCKY GAP GOLF COURSE AND HOTEL/MEETING CENTER PROJECT)

SERIES 2008 A, B, C AND D

Dated as of December 1, 2008

CASH FLOW SHARING AGREEMENT

THIS CASH FLOW SHARING AGREEMENT (this “Agreement”) is made this 1st day of December, 2008, by and among **MANUFACTURERS AND TRADERS TRUST COMPANY**, as Trustee under the Indenture described below (the “Trustee”), **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and an instrumentality of the State of Maryland (“MEDCO”), the **DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT**, a principal department of the State of Maryland (“DBED”), the **DEPARTMENT OF NATURAL RESOURCES**, a principal department of the State of Maryland (“DNR”), and **COUNTY COMMISSIONERS OF ALLEGANY COUNTY**, a political subdivision of the State of Maryland (the “County”).

RECITALS

A. Pursuant to the Second Amended and Restated Trust Indenture dated as of December 1, 2008, by and between the Trustee and MEDCO (the “Indenture”), MEDCO has issued its (i) Taxable First Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 A in the original maximum aggregate principal amount of \$8,000,000 (the “Series 2008 A Bonds”), (ii) Second Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 B in the original maximum aggregate principal amount of \$17,000,000 (the “Series 2008 B Bonds”), (iii) Taxable Third Lien Excess Cash Flow Recovery Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 C in the initial aggregate principal amount of \$17,772,100.28 (the “Series 2008 C Bonds”), which initial principal amount may be increased from time to time by the amount of any accrued and unpaid interest on the Series 2008 B Bonds and (iv) Taxable Fourth Lien Excess Cash Flow Recovery Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 D in the original aggregate principal amount of \$3,470,000 (the “Series 2008 D Bonds” and together with the Series 2008 A Bonds, the Series 2008 B Bonds, and the Series 2008 C Bonds, the “Series 2008 Bonds”). The original aggregate principal amounts of the Series 2008 A Bonds and the Series 2008 B Bonds shall not exceed \$24,000,000 and shall be determined by a written order from MEDCO to the Trustee.

B. DBED or its nominee is the holder of the Series 2008 D Bonds, which refunded the Series 1996 B Bonds (as defined in the Indenture). The accrued and unpaid interest on the Series 1996 B Bonds to the date hereof equals \$1,989,466.67 (the “Accrued Series 1996 B Interest”). The Series 2008 D Bonds shall bear interest at a per annum rate from and including the date hereof equal to 8% until the principal amount thereof is paid in full in accordance with the terms of the Indenture and this Agreement.

C. On May 9, 1996, DBED made a loan to MEDCO in connection with the Project through the Maryland Economic Development Assistance Authority and Fund (“MEDAAF”) (formerly known as the Industrial and Commercial Redevelopment Fund) evidenced by a Promissory Note in the original principal amount of \$3,000,000 dated May 9, 1996 from MEDCO to DBED (the “1996 MEDAAF Loan”). The accrued and unpaid interest on the 1996 MEDAAF Loan to the date hereof equals \$930,000 (the “Accrued 1996 MEDAAF Interest”). The 1996 MEDAAF Loan shall continue to accrue interest from and including the date hereof at

an annual rate of 4% until the principal amount thereof is paid in full in accordance with the terms thereof.

D. On November 1, 2001, DBED made a non-interest bearing loan to MEDCO in connection with the Project through MEDAAF evidenced by a Promissory Note in the original principal amount of \$1,500,000 dated November 1, 2001 from MEDCO to DBED (the "2001 MEDAAF Loan").

E. In 2003, MEDCO incurred the following additional indebtedness in connection with the Project (collectively, the 2003 Notes"):

1. \$3,435,000 loan from DBED through MEDAAF evidenced by a Promissory Note dated April 3, 2003 from MEDCO to DBED, and

2. \$565,000 loan from DBED through MEDAAF evidenced by a Promissory Note dated April 3, 2003 from MEDCO to DBED.

DBED has exchanged the 2003 Notes for Series 2008 B Bonds (as defined in the Indenture) in the principal amount of \$4,000,000 and the 2003 Notes have been cancelled. The accrued and unpaid interest on the 2003 Notes to the date hereof equals \$195,972.46 (the "Accrued 2003 MEDAAF Interest").

F. Under the Ground Lease (as defined in the Indenture) (1) accrued and unpaid Annual Rent (as defined in the Ground Lease) to the date hereof equals \$4,716,666.67 (the "Accrued Ground Rent") and (2) Surcharge Revenues (as defined in the Ground Lease) accrued from April 1, 2002 through December 31, 2005 equal \$482,296.12 (the "Accrued Surcharge Revenues"). Pursuant to and in accordance with the Ground Lease, the payment of Annual Rent (the "Ground Lease Obligation") pursuant to the terms hereof and the imposition of the Golf Surcharge and the Room Surcharge (each as defined in the Ground Lease) from the date hereof shall continue as obligations of the Project.

G. Under the Host Community Agreement dated as of April 1, 1996 among the County, DNR and MEDCO (the "Host Community Agreement"), the accrued and unpaid Hotel Room Fee (as defined in the Host Community Agreement) and accrued and unpaid County Services Fee (as defined in the Host Community Agreement) to the date hereof equal \$306,773.59 (the "Accrued Host Community Fees").

H. Under the Interagency Agreement dated May 9, 1996 between MEDCO and DNR (the "Interagency Agreement"), the accrued and unpaid MEDCO Service Fees (as defined in the Interagency Agreement) to the date hereof equal \$2,358,333.33 (the "Accrued MEDCO Service Fees").

I. In an effort to support the Project, MEDCO advanced to the Project the amount of \$608,145.32 since its opening (the "MEDCO Advances").

J. The Accrued Series 1996 B Interest, the Accrued 1996 MEDAAF Interest, the Accrued 2003 MEDAAF Interest, the Accrued Ground Rent, the Accrued Surcharge Revenues, the Accrued Host Community Fees, the Accrued MEDCO Service Fees, and the MEDCO

Advances are hereinafter collectively referred to as the "Accrued Obligations." The Series 2008 D Bonds, the 1996 MEDAAF Loan, the 2001 MEDAAF Loan, the Ground Lease Obligation and the MEDCO Service Fees are hereinafter collectively referred to as the "Accruing Obligations" and together with the Accrued Obligations, the "Obligations").

K. The Obligations are subordinated pursuant to the Subordination Agreement of even date herewith by and among the Trustee, MEDCO, DBED, DNR and the County.

L. MEDCO, DNR, DBED, and the County desire to enter into this Agreement to determine the application of the moneys, if any, on deposit in the Excess Cash Flow Fund, the Redemption Fund and the Insurance and Condemnation Fund (each as defined in the Indenture) and pursuant to Section 9.15 of the Indenture in satisfaction of the Obligations after the payment in full of the Series 2008 A Bonds, the Series 2008 B Bonds and the Series 2008 C Bonds.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture, unless the context clearly indicates otherwise.

2. Together with the annual audited financial statements of the Project submitted to the Trustee within 120 days of the end of each Fiscal Year pursuant to Section 7.05(a) of the Indenture commencing for the Fiscal Year ending June 30, 2009, MEDCO shall deliver to the Trustee a certificate of an Authorized Officer of the Issuer setting forth the amount of Accruing Obligations due through the end of such Fiscal Year.

3. Within 15 days of each Release Date, the Trustee shall provide the Issuer with an accounting of all payments made pursuant to this Agreement including the amount of payment, the identity of the payee, the amounts remaining to be paid on the Accrued Obligations while any Accrued Obligations remain unpaid and the amounts remaining to be paid on the Accruing Obligations.

4. Any and all moneys to be distributed by the Trustee pursuant to this Agreement as provided in Sections 4.06 ("Surplus Fund and Excess Cash Flow Fund: Application of Moneys"), 4.11 ("Redemption Fund: Application of Moneys"), 4.12 ("Insurance and Condemnation Award Fund: Application of Moneys, and 9.15 ("Priority of Payments following Default") of the Indenture (the "Available Funds") shall be applied by the Trustee as follows:

a. On each Release Date, the Trustee shall pay to each of the payees listed on Exhibit A attached hereto an amount equal to the applicable percentage (as set forth on Exhibit A) of the Available Funds, which shall be applied by each payee to the Accrued Obligations owing to it until all Accrued Obligations have been fully paid.

b. Thereafter, the Trustee shall pay to each of DBED, DNR and MEDCO an amount equal to 33-1/3% of the Available Funds, which shall be applied by each payee to the Accruing Obligations owing to it in chronological order until all Accruing Obligations have been fully paid; provided, however, that if at any time all Accruing Obligations owing to any one of such three payees have been fully paid, then the percentage of Available Funds paid to the remaining two payees shall increase to 50% and if at any time all Accruing Obligations owing to any two of such payees have been fully paid, then the percentage of Available Funds paid to the remaining payee shall increase to 100%.

5. MEDCO hereby agrees to assess commencing on the date hereof the County's hotel room tax at the Project at the County's prevailing hotel rental tax rate (the "Hotel Rental Tax"). Fifty percent (50%) of the proceeds of the Hotel Rental Tax assessed and collected through November 30, 2010 shall be paid over to the Trustee and applied as set forth in Section 4.05(h) of the Indenture. All other proceeds from the Hotel Rental Tax shall be paid over to the County monthly. MEDCO's agreement herein to assess the Hotel Rental Tax shall not be construed as a guaranty of collection or a guaranty of payment. MEDCO's sole obligation with respect to the Hotel Rental Tax is to charge the Hotel Rental Tax and pay over to the County the receipts thereof paid by guests of the Project as provided herein. MEDCO shall in no way whatsoever be liable for the payment of Hotel Rental Tax except from payments thereof by guests of the Project.

6. The parties hereto recognize that MEDCO has and will continue to provide administrative support and services and incur expenses in connection with the operation of the Project, and that such services are instrumental to the success of the Project and benefit the State of Maryland and the County in connection with the Project and the economic development in the County. In order to compensate MEDCO for expenses incurred and services rendered to the Project, the parties acknowledge that so long as MEDCO is the tenant under the Lease, MEDCO shall be paid the annual MEDCO Service Fee for each 12-month period ending March 31. For the 12-month period ending March 31, 2009, the MEDCO Service Fee is \$350,000. The MEDCO Service Fees shall increase annually by \$25,000 and is payable in arrears. The MEDCO Service Fee shall be paid, without interest, from the Available Funds as set forth in Section 4(b) hereof.

7. Pursuant to the First Amendment to Ground Lease dated December 1, 2008 by and between the Issuer and the State of Maryland to the use of DNR, the Interagency Agreement has been terminated and is of no further force and effect. The Host Community Agreement is hereby terminated and of no further force and effect.

8. All communications provided for hereunder shall be in writing and shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, or by a reputable courier delivery service (with charges prepaid) or by telecopy and shall be given,

If to the Trustee, to:

Manufacturers and Traders Trust Company
Mailcode 101-591
25 South Charles Street
Baltimore, MD 21201
Attn: Corporate Trust Department
Fax No. 410-244-3725

If to DBED, to:

Department of Business and Economic
Development
217 East Redwood Street, 22nd Floor
Baltimore, Maryland 21202
Attention: Finance Programs Accounting
and Administration
Fax No. 410-333-6931

If to MEDCO, to:

Maryland Economic Development Corp.
100 N. Charles Street, Suite 630
Baltimore, MD 21201
Attn: Executive Director
Fax No. 410-625-1848

If to DNR, to:

Department of Natural Resources
Tawes State Office Building
Annapolis, Maryland 21401
Attention: Office of the Secretary
Fax No. 410-260-8103

with a copy to:

Joseph P. Gill, Esquire
Assistant Attorney General
Department of Natural Resources
Tawes State office Building
Annapolis, Maryland 21401
Fax No. 410-260-8364

If to the County, to:

County Commissioners of Allegany County
701 Kelly Road
Cumberland, Maryland 21502
Attention: Director of Finance
Fax No. 301-777-2072

or such other address or telecopy number as such party may hereafter specify by notice to the Trustee, DBED, DNR, MEDCO and the County. Each such notice, request or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section and the appropriate confirmation is received, (ii) if given by certified mail, 72 hours after such communication is deposited with the post office, addressed as aforesaid, or (iii) if given by any other means (including, without limitation, by courier), when delivered at the address specified in accordance with this Section.

9. This Agreement is intended to take effect as a sealed instrument and shall be governed by and construed in accordance with the laws of the State of Maryland applicable to contracts made and to be performed entirely within such State without resort to its conflict of laws rules. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

10. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

11. This Agreement shall be binding upon and inure to the benefit of the Trustee, DBED, DNR, MEDCO and the County, and their respective executors, administrators, other legal representatives, successors and assigns.

12. Any amendment or modification of any provision of this Agreement shall in no event be effective unless the same shall be in writing signed by each party hereto.

13. No provision of this Agreement shall be construed so as to give rise to any pecuniary or monetary liability on the part of MEDCO (other than out of Available Moneys) or give rise to a charge upon the faith and credit of MEDCO. Notwithstanding anything herein contained to the contrary, any claim based on or in respect of any liability of MEDCO for (i) the payment of any of the Obligations, or (ii) the performance or payment of any other covenant, agreement, obligation, term or condition contained in this Agreement shall be enforced only against the Available Funds, if any, and not against any other assets, properties or funds of (a) MEDCO or any director, officer, or employee of MEDCO, or (b) any other person, corporation or other entity affiliated with any of the foregoing. This provision shall survive the termination or expiration of this Agreement. The Obligations are nonrecourse to MEDCO payable solely from the Available Funds, if any, and the lien of any judgment shall be restricted thereto. MEDCO shall have no other liability, legal, moral or otherwise to any party. In no event shall MEDCO be required to pay any amount or claim hereunder from its own funds. The limitation on liability of MEDCO as described in this Section shall be deemed incorporated into every

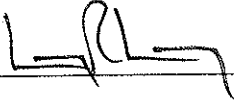
provision of this Agreement. Other than to make available to the Trustee any Available Moneys (to the extent MEDCO has control thereover), MEDCO shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate any damages of any party hereto.

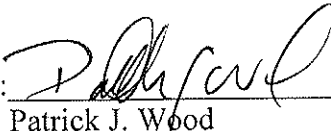
[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

WITNESS:

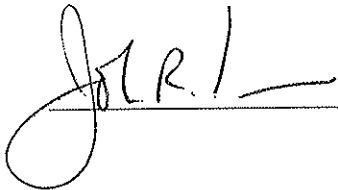
**MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee**



By: 

Patrick J. Wood
Vice President

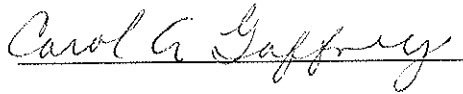
**MARYLAND ECONOMIC DEVELOPMENT
CORPORATION**

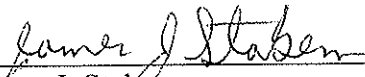


By: 

Robert C. Brennan
Executive Director

**COUNTY COMMISSIONERS OF ALLEGANY
COUNTY**



By: 

James J. Stakem
President of the Board of County
Commissioners

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

By: _____

David W. Edgerley
Secretary

DEPARTMENT OF NATURAL RESOURCES

By: _____

John R. Griffin
Secretary

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WITNESS:

**MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee**

By: _____
Patrick J. Wood
Vice President

**MARYLAND ECONOMIC DEVELOPMENT
CORPORATION**

By: _____
Robert C. Brennan
Executive Director

**COUNTY COMMISSIONERS OF ALLEGANY
COUNTY**

By: _____
James J. Stakem
President of the Board of County
Commissioners

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

Chilendi A. Hayes

By: *David W. Edgerley*
_____ David W. Edgerley
Secretary

DEPARTMENT OF NATURAL RESOURCES

By: _____
John R. Griffin
Secretary

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WITNESS:

**MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee**

By: _____
Patrick J. Wood
Vice President

**MARYLAND ECONOMIC DEVELOPMENT
CORPORATION**

By: _____
Robert C. Brennan
Executive Director

**COUNTY COMMISSIONERS OF ALLEGANY
COUNTY**

By: _____
James J. Stakem
President of the Board of County
Commissioners

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

By: _____
David W. Edgerley
Secretary

Eileen Mosley

DEPARTMENT OF NATURAL RESOURCES

By: _____
John R. Griffin
Secretary

Exhibit A

Accrued Obligations

<u>Payee</u>	<u>Percentage of Remaining Available Funds</u>
DBED	56.68%
DNR	26.58
MEDCO	15.17
Allegany County	1.57