



*Town of Milton*

115 Federal Street, Milton, Delaware 19968

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**RESOLUTION 2023-018**

**A RESOLUTION CREATING THE GRANARY AT DRAPER FARM SPECIAL DEVELOPMENT DISTRICT SPECIAL FUND (THE “GRANARY AT DRAPER FARM SPECIAL FUND”); PROVIDING FOR THE INTRODUCTION OF AN ORDINANCE (OR ORDINANCES) TO PROVIDE FOR A LEVY OF A SPECIAL TAX IN CONNECTION WITH THE GRANARY AT DRAPER FARM SPECIAL DEVELOPMENT DISTRICT; PLEDGING PROCEEDS OF SUCH SPECIAL TAX TO THE GRANARY AT DRAPER FARM SPECIAL FUND AND REQUIRING THAT PROCEEDS FROM SUCH SPECIAL TAX BE PAID INTO THE GRANARY AT DRAPER FARM SPECIAL FUND; MAKING CERTAIN LEGISLATIVE FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE GRANARY AT DRAPER FARM SPECIAL FUND; APPROVING, PURSUANT TO NOTICE AND FOLLOWING A PUBLIC HEARING, THE CREATION OF THE GRANARY AT DRAPER FARM SPECIAL FUND; ALL IN ACCORDANCE WITH TITLE 22 OF THE DELAWARE CODE, CHAPTER 18 AND SECTION 29(41) OF THE CHARTER OF THE TOWN OF MILTON (COLLECTIVELY, THE “ACT”); AND PROVIDING FOR AN OFFICIAL INTENT.**

RECITALS

Under the provisions of Title 22 of the Delaware Code, Chapter 18 and Section 29(41) of the Charter of The Town of Milton (collectively, the “Act”), The Town of Milton, a body politic incorporated in law and equity of the State of Delaware (the “Town”) may create special development districts with respect to any defined geographic region within the Town for the purpose of financing, refinancing, or reimbursement for the cost of the design, construction, establishment, extension, alteration, or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities and other infrastructure improvements as necessary, whether situated within the special development district or outside the special development district if the infrastructure improvement provides service or benefit to the property within the special development district, for the development and utilization of the land.

Pursuant to Section 1803 of Title 22 of the Delaware Code and Section 29(41) of the Charter of the Town, the Town Council has received an “Application to Request the Creation of a Special Development District” (the “Request”) attached as Exhibit 2 to the Designation Resolution (defined below) from the owners (the “Owners”) of certain real property located in the Town and described in Exhibit A to the Request (the “Property”). The Owners are (i) the owners of at least two-thirds of the assessed valuation of the real property located within the boundaries of the Granary at Draper Farm District and (ii) at least two-thirds of the owners of the acreage located within the boundaries of the Granary at Draper Farm District, each determined as prescribed by the Act. Pursuant to Sections 1803 and 1807 of Title 22 of the Delaware Code and Section 29(41) of the Charter of the Town, the Town Council received a “Supplemental Application to Request the Creation of a Special Fund, the Levy of Special Taxes on the Property in the Granary at Draper Farm Special Development District and the Issuance of Special Obligation Bonds” dated August [25], 2023, from the Owners and certain contract purchasers of a portion of the Property (the “Supplemental Request”). The Town Council has also received a Letter of Intent dated September 11, 2023 (the “Letter of Intent”), from R. Draper Investments, LLC, an affiliate of one of the Owners and the developer of the Property (the “Developer”).

The Owners and the Developer intend to develop the Property as a mixed residential and commercial development. The Owners and the Developer have held discussions with the Town Council as to the scope of, and financing for, the public infrastructure for such development and, pursuant to the Request and the Supplemental Request, have requested that the Town Council (i) create the Granary at Draper Farm District (hereinafter defined) comprised of the Property and (ii) create a special fund with respect to the Granary at Draper Farm District, and levy special taxes on the property in the Granary at Draper Farm District and issue its special obligations bonds to assist in the financing of certain public infrastructure improvements for the Granary at Draper Farm District described in the Request and the Supplemental Request for the Granary at Draper Farm District, each pursuant to the Act.

The Town Council, following a public hearing held on September 12, 2022, pursuant to notice published in a newspaper of general circulation not less than seven days before such hearing, has determined that a need exists in the Town for improvements in connection with the Property and that the economy of the Town will benefit from development of the Property as a mixed residential and commercial community with related amenities.

The Town Council adopted Resolution 2022-013 on September 12, 2022 (the “Designation Resolution”) which created the “Granary at Draper Farm Special Development District” comprised of the Property (the “Granary at Draper Farm District”) in accordance with Section 1805 of Title 22 of the Delaware Code and Section 29(41) of the Charter.

The Town Council has now determined to (i) create a special fund with respect to the Granary at Draper Farm District entitled “The Granary at Draper Farm Special Development District Special Fund” (the “Granary at Draper Farm Special Fund”), (ii) pledge the proceeds of the special tax to be levied on all real property within the Granary at Draper Farm District (the

“Granary at Draper Farm Special Tax”) to the Granary at Draper Farm Special Fund, (iii) cause the proceeds of the Granary at Draper Farm Special Tax to be paid into the Granary at Draper Farm Special Fund, and (iv) adopt an “official intent” within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department. The Town Council has further determined that it would consider the introduction of an Ordinance (or Ordinances) (as required by Section 1807 of Title 22 of the Delaware Code) to, among other things, provide for a levy of the Granary at Draper Farm Special Tax on the Property within the Granary at Draper Farm District. Furthermore, such Ordinance (or Ordinances) will provide that the Town Council will apply the revenues of the Granary at Draper Farm Special Tax and the proceeds of any bonds issued under the Act to provide improvements for the benefit of the Property within the Granary at Draper Farm District (the “Project”).

The Town Council reasonably expects that a portion of the costs of the Project and other public infrastructure improvements to be financed with the proceeds of the bonds issued under the Act will be paid by or on behalf of the Town prior to the issuance of any bonds under the Act and that certain proceeds of such bonds will be used as reimbursement for the costs of the Project and such public infrastructure improvements paid by or on behalf of the Town prior to the issuance thereof.

As provided in the Act, this Resolution, any order, ordinance or subsequent resolution adopted in furtherance of this Resolution and the designation and creation of the Granary at Draper Farm District may not be subject to any referendum by reason of any other State or local law.

By this Resolution and pursuant to the Act, the Town Council desires to (i) create the Granary at Draper Farm Special Fund, (ii) pledge the proceeds of the Granary at Draper Farm Special Tax to the Granary at Draper Farm Special Fund, (iii) require that the proceeds of the Granary at Draper Farm Special Tax to be paid into the Granary at Draper Farm Special Fund, (iv) authorize the execution and delivery of such documents as shall be necessary to be delivered in connection with the creation of the Granary at Draper Farm Special Fund, (v) provide for an official intent; (vi) specify certain other matters relating to the Granary at Draper Farm Special Fund.

NOW THEREFORE, BE IT RESOLVED:

SECTION 1. FINDINGS AND DETERMINATIONS. The Town Council hereby finds and determines that:

(1) The creation of a special fund with respect to the Granary at Draper Farm District under the Act will serve the public purposes of providing public improvements within the Town, directly and indirectly enhancing the taxable base of the Town, encouraging the development of commerce and industry within the Town, and increasing employment within the Town through the installation of utilities and other necessary improvements in the special development district, including, but not limited to, the improvements listed in Exhibit 1 to the Designation Resolution

(as such list may be modified, as mutually agreed to, by the Town Council and the Developer), each of such improvements to benefit the Granary at Draper Farm District and each to be conveyed to the Town Council, Sussex County and the State of Delaware, as appropriate;

(2) Pursuant to the Request and the Supplemental Request, private, for-profit entities that own the Property have expressed a desire to undertake new development within the Granary at Draper Farm District if the Town Council creates the Granary at Draper Farm District and the special fund with respect to the Granary at Draper Farm District; and

(3) One or more Ordinances may be introduced to provide, among other things, for the (a) levy of the Granary at Draper Farm Special Tax on all real property within the Granary at Draper Farm District subject to the Granary at Draper Farm Special Tax as described in the Rate and Method of Apportionment of Special Taxes to be attached to such Ordinance (or Ordinances) and made a part of such Ordinance (or Ordinances) (the “Rate and Method”) at a rate or amount designed to provide adequate revenues to pay the principal of, premium, if any, and the interest on bonds issued to finance public improvements for the Granary at Draper Farm District and to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security, including debt service coverage requirements, for such bonds and (b) requirements set forth in the Act with respect to the issuance of any bonds under the Act to provide improvements for the benefit of the Project and the application of proceeds thereof and revenues of the Granary at Draper Farm Special Tax by the Town Council to provide improvements for the benefit of the Project.

SECTION 2. CREATION OF SPECIAL FUND. The Town Council hereby creates a special fund with respect to the Granary at Draper Farm District entitled the “Granary at Draper Farm Special Development District Special Fund” (the “Granary at Draper Farm Special Fund”) pursuant to Section 1805 of Title 22 of the Delaware Code and Section 29(41) of the Charter. Pursuant to Section 1805 of Title 22 of the Delaware Code and Section 29(41) of the Charter, (i) the Town Council hereby pledges to the Granary at Draper Farm Special Fund the proceeds of the special tax to be levied by the Town Council by an Ordinance (or Ordinances) pursuant to Sections 1805 and 1813 of Title 22 of the Delaware Code and Section 29(41) of the Charter on all real property within the Granary at Draper Farm District subject to the Granary at Draper Farm Special Tax as described in the Rate and Method at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium, if any, on any bonds issued pursuant to the Act for allowable improvements for the Granary at Draper Farm District, to replenish any debt service reserve fund, and for any other purposes related to the ongoing expenses of or security, including debt service coverage requirements for such bonds issued, and (ii) the Town Council hereby covenants and requires that the proceeds from the special tax be paid into the Granary at Draper Farm Special Fund.

This pledge of, and covenant and requirement to pay, the proceeds of the Granary at Draper Farm Special Tax into the Granary at Draper Farm Special Fund is intended to be in complete fulfillment of the condition precedent to the issuance of the special obligations bonds contained in Section 1805 of Title 22 of the Delaware Code, and shall be continuous and irrevocable so long as

any bonds issued pursuant to the Act for allowable improvements for the Granary at Draper Farm District, including any bonds issued to refund such bonds, are outstanding. The Town Council may not revoke the provisions of Section 2 of the Designation Resolution or Section 2 of this Resolution as long as the principal of, and the interest and any premium on, any such bonds, including any bonds issued to refund such bonds, remains unpaid.

SECTION 3. OFFICIAL INTENT. The Town Council reasonably expects that a portion of the costs of the Project and other public infrastructure improvements to be financed with the proceeds of the bonds issued under the Act will be paid by or on behalf of the Town prior to the issuance of any bonds under the Act and that certain proceeds of such bonds will be used as reimbursement for those costs of the Project and other public infrastructure improvements incurred and paid by or on behalf of the Town prior to the issuance thereof. The Town Council intends that the adoption of this Resolution shall be and constitute an “official intent resolution” within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

SECTION 4. OTHER ACTIONS. The Mayor of the Town Council (the “Mayor”) or other authorized officers of the Town are authorized and directed to take any and all actions and to execute, attest, affix the Town’s seal to and deliver, and to file and record in any appropriate public offices (if applicable) all documents, instruments, certifications, forms, financing statements, letters of instructions, written requests, contracts, agreements and other papers, whether or not herein mentioned, as may be necessary or convenient to evidence the approvals of the Town Council provided in this Resolution and to consummate the transactions contemplated in this Resolution or in any of the documents herein authorized and approved.

SECTION 5. LETTER OF INTENT. The Letter of Intent is hereby accepted by the Town Council and the execution thereof by the Town Council is hereby approved and ratified.

SECTION 6. EFFECTIVE DATE. This Resolution became effective upon its passage by the Town Council.

[signatures appear on following page]

APPROVED this 11<sup>th</sup> day of September, 2023.

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**THE TOWN OF MILTON**

I, Scotty Edler, Secretary of the Town Council of The Town of Milton, do hereby certify that the foregoing is a true and correct copy of a Resolution passed by the Town Council at its Regular Meeting held on September 11, 2023, at which a quorum was present and voting throughout and that the same is still in full force and effect.

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Secretary