

TOWN OF BRIDGEVILLE

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ORDINANCE NO. 15-2

AN ORDINANCE OF THE COMMISSIONERS OF BRIDGEVILLE (THE "COMMISSIONERS"): REDUCING THE RATES OF THE HERITAGE SHORES SPECIAL TAX ESTABLISHED AND LEVIED BY THE COMMISSIONERS PURSUANT TO ORDINANCE NO. A05-7 IN CONNECTION WITH THE HERITAGE SHORES SPECIAL DEVELOPMENT DISTRICT; AND PRESCRIBING, DETERMINING, PROVIDING FOR AND APPROVING VARIOUS OTHER MATTERS, DETAILS, DOCUMENTS AND PROCEDURES IN CONNECTION WITH SUCH RATE REDUCTIONS; ALL IN ACCORDANCE WITH TITLE 22 OF THE DELAWARE CODE, CHAPTER 18 AND SECTION 29A OF 51 DELAWARE LAWS, CHAPTER 237, AS AMENDED.

WHEREAS, under the provisions of Title 22 of the Delaware Code, Chapter 18 and Section 29A of 51 Delaware Laws, Chapter 237, as amended (the "Charter") (collectively, the "Act"), the Commissioners of Bridgeville, a municipal body corporate of the State of Delaware (the "Commissioners") may create special development districts, levy ad valorem or special taxes and borrow money by issuing and selling bonds 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 districts or outside the special development districts if the infrastructure improvement provides service or benefit to the property within the special development district for the development and utilization of land, each with respect to any defined geographic region within the municipality. Bonds authorized by the Act are special obligations of the Commissioners payable from a special fund created by the Commissioners for the purpose of paying the debt service on such bonds and from other assets or revenues pledged by the Commissioners for that purpose; and

WHEREAS, the Commissioners received an "Application to Create a Special Development District" dated March 11, 2005 (the "Request") from Passwaters Farm LLC as the owner of (i) 100 percent of the assessed value of the real property located within the Heritage Shores District (defined below), except for governmentally-owned property, and (ii) 100 percent of the acreage located within the Heritage Shores District, except for governmentally-owned property, at the time of the Request (the "Owner" or the "Developer") of approximately seven hundred and forty-five (745) contiguous acres of real property located in the Town of Bridgeville (the "Property"). The Commissioners also received a Letter of Intent dated March 11, 2005 from the Owner stating that the Owner intended to develop the Property as a residential development with a golf course and an aquatic center. The Owner requested that the Commissioners create a special development district comprised of such Property and issue its special obligations bonds to assist in the financing of certain public infrastructure improvements for such special development district pursuant to the Act; and

WHEREAS, the Commissioners, following a public hearing held on March 22, 2005, pursuant to notice published in a newspaper of general circulation not less than ten (10) days before such hearing, adopted a Resolution on March 22, 2005 (the "Resolution") which created the (1) "Heritage Shores Special Development District" comprised of the Property described in the Resolution (the "Heritage Shores District") and (2) "Heritage Shores Special Development District Special Fund" (the "Heritage Shores Special Fund") and expressed their intention to consider an Ordinance to levy a special tax on the Property (subject to taxation) within the Heritage Shores District, pledge payment of the special tax into the Heritage Shores Special Fund and apply revenues of the special tax and the proceeds of any bonds issued under the Act for the Heritage Shores District to provide improvements for the benefit of the Property within the Heritage Shores District and situated outside the Heritage Shores District (that provide service or benefit to the property within the Heritage Shores District), all in connection with the Heritage Shores District under the Act; and

WHEREAS, pursuant to Section 1807(c)(2) of Title 22 of the Delaware Code and Section 29 of the Charter, the Commissioners received a Supplemental Application from the Owner dated April 7, 2005 requesting that the Commissioners issue and sell bonds for the purpose of financing, refinancing or reimbursement for the cost of the design, construction, establishment, extension, alteration, or acquisition of certain infrastructure improvements and machinery and equipment, situated within the Heritage Shores District and situated outside the Heritage Shores District (that provide service or benefit to the property within the Heritage Shores District); and

WHEREAS, the Commissioners, following a public hearing held on May 9, 2005, pursuant to notice published in a newspaper of general circulation not less than ten (10) days before such hearing, adopted Ordinance No. A05-7 on May 9, 2005 (the "Levy and Authorization Ordinance") which authorized the levy of a special tax designated the "Heritage Shores Special Tax" (the "Heritage Shores Special Tax") upon all real property within the Heritage Shores District (unless exempted by the provisions thereof) for the purposes, to the extent and in the manner therein provided, and assessed according to the Laws of Delaware for the purpose of financing the Improvements and related financing costs of the Bonds (each defined below), pledged the Heritage Shores Special Tax to the Heritage Shores Special Fund, caused the proceeds of the Heritage Shores Special Tax to be paid into such Special Fund, and authorized the issuance of special obligation bonds in one or more series (the "Bonds") and the application of the Heritage Shores Special Tax revenues and the proceeds of such Bonds issued under the Act to provide public infrastructure improvements described in the Levy and Authorization Ordinance (the "Improvements") for the benefit of the Property within the Heritage Shores District; and

WHEREAS, the Commissioners covenanted in the Levy and Authorization Ordinance, in accordance with the Heritage Shores Special Development District Rate and Method of Apportionment of Special Taxes attached to the Levy and Authorization Ordinance as Exhibit 1 and made a part thereof (the "Rate and Method"), to levy upon all real property within the Heritage Shores District (unless exempted by the provisions thereof) the Heritage Shores Special Tax in rate and amount at least sufficient in each year in which any of the Bonds are outstanding to provide for the payment of the principal of, the interest on, and redemption premium, if any, on the Bonds, to replenish any debt service reserve fund for the Bonds, and for any other purpose

related to the ongoing expenses of or security, including debt service coverage requirements, for the Bonds. All capitalized terms used, but not defined herein, shall have the meaning set forth in the Rate and Method; and

WHEREAS, the first series of the Bonds were issued on July 28, 2005 in order to finance the costs of a portion of the Improvements pursuant to a Trust Indenture dated as of June 1, 2005 by and between the Commissioners and M&T Trust Company of Delaware, as trustee; and

WHEREAS, due to changes to the development mix planned for the Heritage Shores development that will result in a significant increase of single family detached units than was contemplated at the time of the enactment of the Levy and Authorization Ordinance, the Developer has requested the Commissioners to reduce the rates at which the Heritage Shores Special Tax is imposed, levied, and collected on Developed Property pursuant to the Rate and Method and the Levy and Authorization Ordinance. The Commissioners received from the Administrator for the Heritage Shores District a Memorandum dated January 8, 2015 (the "Special Tax Rate Reduction Memorandum") analyzing such proposed rate reduction. The Administrator (1) stated in the Special Tax Rate Reduction Memorandum that the logic in the Special Tax Report attached to the Levy and Authorization Ordinance as Exhibit 2 as to how the Heritage Shores Special Tax per unit was set for Developed Property allows for a reduction in the Heritage Shores Special Tax per unit for Developed Property based on the updated development plan, and (2) set in the Special Tax Rate Reduction Memorandum the reduced rates for the Maximum Special Tax and the Assigned Special Tax for each class of property subject to the Heritage Shores Special Tax. The Administrator also stated in the Special Tax Rate Reduction Memorandum that the proposed rate reduction will not affect the District Maximum Special Tax, thereby providing adequate coverage to repay outstanding Bonds and any proposed additional bonds and pay Administrative Expenses; and

WHEREAS, as provided in the Act, except as may be required by the Constitution of the State of Delaware, this Ordinance, any order or resolution adopted in furtherance of this Ordinance and the reduction of the Heritage Shores Special Tax shall not be subject to any referendum by reason of any other State or local law; and

WHEREAS, prior to the adoption of this Ordinance, the Commissioners will hold a public hearing regarding this Ordinance and the reduction of the Heritage Shores Special Tax rates. The Commissioners will publish notice of this public hearing in accordance with the procedures of the Commissioners; and

WHEREAS, by this Ordinance, the Commissioners desire to confirm the authority conferred upon it by the Act (i) to reduce the Heritage Shores Special Tax rates, and (ii) to authorize the execution and delivery of such documents as shall be necessary to be delivered in connection with the reduction of the Heritage Shores Special Tax rates.

NOW, THEREFORE, THE COMMISSIONERS OF BRIDGEVILLE HEREBY ORDAIN (by an affirmative vote of at least a majority of all of the members of Commissioners elected):

SECTION 1. FINDINGS AND DETERMINATIONS. The Commissioners of Bridgeville (the "Commissioners") hereby find and determine that:

(1) The reduction of the rates at which the Heritage Shores Special Tax is imposed, levied, and collected on Developed Property pursuant to the Rate and Method and the Levy and Authorization Ordinance will serve the public purposes of encouraging the development of commerce and industry within the Town of Bridgeville; and

(2) As determined and described by the Administrator in the Special Tax Rate Reduction Memorandum, the amount of the Heritage Shores Special Tax that may be levied at the reduced Heritage Shores Special Tax rates upon all real property within the Heritage Shores District, except for Public Property and Owner Association Property, is sufficient in each year in which any of the Bonds are outstanding to provide for the payment of the principal of, the interest on, and redemption premium, if any, on the Bonds, to replenish any debt service reserve fund for the Bonds, and for any other purpose related to the ongoing expenses of or security, including debt service coverage requirements and Administrative Expenses, for the Bonds.

(3) The levy of special taxes set forth in the Levy and Authorization Ordinance, at the rates reduced by this Ordinance, is calculated in a reasonable manner that results in fairly allocating the cost of the Improvements. The basis of the reasonable manner in which the special taxes set forth in Section 3 of the Levy and Authorization Ordinance have been established is set forth in Exhibit 2 attached to the Levy and Authorization Ordinance and made a part thereof.

(4) The Commissioners have complied with the provisions of Section 1805 of Title 22 of the Delaware Code.

SECTION 2. REDUCTION OF SPECIAL TAX RATES. The Maximum Special Tax rates and the Assigned Special Tax rates are hereby reduced as follows (all of which rates are shown below for the 2005-2006 Fiscal Year and are subject to an annual 2% increase on each July 1 (commencing July 1, 2006)):

Maximum Special Tax Rates
(FY 05-06)

<u>Property Class</u>	<u>Maximum Special Tax Rates As Reduced</u>
Single Family Detached	\$2,292
Single Family Attached	\$1,564

Assigned Special Tax Rates
(FY 05-06)

<u>Property Class</u>	<u>Assigned Special Tax Rates As Reduced</u>
Single Family Detached	\$2,084
Single Family Attached	\$1,423

SECTION 3. LEVY AND AUTHORIZATION ORDINANCE CONFIRMED. Except to the extent that the Heritage Shores Special Tax rates are hereby reduced as set forth herein, the

Levy and Authorization Ordinance, as supplemented by Ordinance No. 14-6 enacted by the Commissioners on October 9, 2014, is hereby confirmed in all respects.

SECTION 4. OTHER ACTIONS.

A. The President and/or any other authorized officers of the Commissioners are authorized and directed to take any and all actions and to execute, attest, affix the Commissioner's seal to and deliver, and to file and record in any appropriate public offices (if applicable) all documents, instruments, certifications, forms, 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 Commissioners provided in this Ordinance and to consummate the transactions contemplated in this Ordinance or in any of the documents herein authorized and approved.

B. The President, the Treasurer of the Commissioners and all other officials of the Commissioners are hereby authorized and empowered to do any and all such things as shall be deemed necessary by them to facilitate the reduction of the rates of the Heritage Shores Special Tax and are hereby authorized and empowered to do all such things and execute such documents and certificates as may be determined by them to be necessary to carry out and comply with the provisions of the Act and this Ordinance.

SECTION 5. COMPREHENSIVE PLAN. In accordance with Section 1815 of Title 22 of the Delaware Code, it is hereby determined that the use of the Property within the Heritage Shores District is consistent with the comprehensive plan for the area.

SECTION 6. EFFECTIVE DATE; REVOCATION OF ORDINANCE.

A. This Ordinance shall become effective upon its adoption by a majority of all members elected to the Commissioners of Bridgeville.

B. The Commissioners may not revoke this Ordinance as long as the principal of, and the interest and any premium on, any of the Bonds, including any bonds issued to refund the Bonds, remains unpaid.

COMMISSIONERS OF BRIDGEVILLE

By: Patricia M. Correll
President

Attest: Lauren [Signature]
Secretary

Adopted: March 9, 2015