

RESOLUTION NO. R 029 97

RESOLUTION TO ISSUE NOT TO EXCEED \$2,000,000 VARIABLE RATE DEMAND INDUSTRIAL DEVELOPMENT REVENUE BONDS (PATS, INC. PROJECT) SERIES 1997

WHEREAS, the County Council (the "Council") of Sussex County, Delaware (the "County") has heretofore adopted the Sussex County Commercial, Industrial and Agricultural Revenue Bond Ordinance, Ordinance No. 80, as amended by Ordinance No. 113 (the "General Ordinance") to encourage and assist the financing of the construction, acquisition, sale or lease of industrial, commercial and agricultural facilities related to the maintenance or promotion of employment or to the redevelopment or revitalization of areas within the County; and

WHEREAS, PATS, Inc., a Maryland corporation (the "Applicant"), has submitted to the County through the Review Committee (hereinafter defined) an application (the "Application") for the financing of a project consisting of the acquisition of three (3) existing buildings located on that tract or parcel of land owned by the county and generally known as Lots 1 through 7, Indian River Avenue, in the Sussex County Industrial Air Park, the purchase of existing and new equipment used or to be used in connection therewith, and the rehabilitation of such buildings and existing equipment, all located in the unincorporated area of the County (the "Project"), and has requested the County to finance a portion of the costs of the Project, an estimate of which is attached as Exhibit A hereto (the "Costs"), said financing to be accomplished through the issuance by the County of its Variable Rate Demand Industrial Development Revenue Bonds (PATS, Inc. Project) Series 1997, in a principal amount not to exceed \$2,000,000 (the "Bonds"); and

WHEREAS, the Application has been reviewed by a committee comprised of the County Administrator, the Director of Finance, the County Attorney, and the Director of Economic Development (the "Review Committee"); and

WHEREAS, the Review Committee has made the findings and determinations required by the General Ordinance, including the findings that:

(a) the Project is eligible for financial assistance and the financing thereof will accomplish the public purposes contemplated by the General Ordinance;

(b) the Project will (i) tend to maintain or provide gainful employment opportunities within and for the people of the County; (ii) aid, assist and encourage the economic development or redevelopment of the County; and (iii) maintain, diversify or expand employment promoting enterprises within the County; and

(c) the Bonds are to be payable solely from Revenues as specified in Section 7 of the General Ordinance; and

WHEREAS, the County Administrator has advised the Applicant of the Review Committee's findings and determinations; and

WHEREAS, the County Administrator has advised the Council of the Review Committee's findings and determinations and has the Application to be transmitted to the Council; and

WHEREAS, the Council, by Motion "M 364 97", previously authorized the Project and the issuance of the Bonds, and the Council desires to confirm and clarify such authorization by this Resolution; and

WHEREAS, the Council deems it necessary and advisable that it take such official action as may be required under the General Ordinance and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to authorize the issuance and sale of the Bonds,

NOW, THEREFORE, BE IT RESOLVED:

1. Issuance of Bonds. The Council hereby authorizes the issuance of the Bonds for the purpose of paying a portion of the Costs of the Project.

2. Commencement of Project; Reimbursement of Project Costs. In order to facilitate the commencement of the Project and the completion thereof as soon as practicable, the Council hereby determines that the purposes of the General Ordinance will be more effectively served if the Applicant enters into contracts, incurs Costs and expends funds for the Project as soon as practicable. The County intends to reimburse the Applicant or cause reimbursement to be made from the proceeds of the sale of the Bonds for Costs of the Project incurred or paid by the Applicant or on its behalf from a source other than the proceeds of the Bonds and prior to the sale and delivery thereof (the "Original Expenditures"), provided, however, that any such Original Expenditures may only be paid from such proceeds to the extent such Original Expenditures were incurred or paid not earlier than sixty (60) days prior to the date of the adoption of this Resolution.

3. Miscellaneous Matters. Subject in all respects to the prior consent and approval of the Applicant, the County Administrator is hereby authorized and directed to prepare or cause to be prepared and to execute and file on behalf of the County any applications, filings and certifications, and take such other action as he may deem necessary or advisable to obtain approvals of the Project, to provide for the issuance of the Bonds, and to establish that the interest on the Bonds is exempt from Federal and State of Delaware income taxes. In addition, the County Administrator is hereby authorized and directed to prepare, execute, and file, or cause the same to occur, on behalf of the County all documents, certifications, and filings required by the laws of the United States and the State of Delaware necessary or appropriate in order to implement and carry out the matters authorized or required by the General Ordinance and this Resolution.

4. Further Action. The County's obligations to issue the Bonds shall be contingent upon the receipt of a final commitment to purchase or place the sale of the Bonds. All financial obligations of the County hereunder shall be satisfied solely from the proceeds of the sale of the Bonds. Approval of this Resolution shall not preclude the Council from independent consideration (and denial) of any application concerning land use matters relating to the Project (e.g. zoning matters). Issuance of the Bonds in the aggregate principal amount not to exceed \$2,000,000 shall be made in accordance with the terms of a Project Resolution, which the Council shall consider subsequent to the date hereof.

5. This Resolution shall take effect immediately upon its passage by Council.

SYNOPSIS: This Resolution expresses the County's intent to issue its Variable Rate Demand Industrial Development Revenue Bonds in an amount not to exceed \$2,000,000 for the financing of a Project consisting of the acquisition of three (3) existing buildings located on that tract or parcel of land owned by the County and generally known as Lots 1 through 7, Indian River Avenue, in the Sussex County Industrial Air Park, the purchase of existing and new equipment used or to be used in connection therewith, and the rehabilitation of such buildings and existing equipment, all located in the unincorporated area of Sussex County, Delaware (the Project), and authorizes the Applicant to proceed with the Project in reliance on this commitment. The Bonds will be issued pursuant to a subsequent Project Resolution of Council which will set out the detailed terms of the issuance of the Bonds and will approve the execution and delivery of the documents involved in the transaction contemplated hereby. The terms of the issuance of the Bonds will be consistent with the terms of a final commitment to purchase or place the Bonds. The County has no obligation to issue the Bonds unless the Applicant obtains such a final commitment, and, in any event, any financial obligation of the County will be satisfied solely from the proceeds of the sale of the Bonds. The Applicant has the sole responsibility to obtain such a final commitment.

I DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF RESOLUTION NO. R 029 97 ADOPTED BY THE COUNTY COUNCIL OF SUSSEX COUNTY ON THE 16TH DAY OF SEPTEMBER, 1997.


Robin A. Griffith
Clerk of the County Council

EXHIBIT A
to
RESOLUTION
for
PATS, INC. PROJECT

Total Estimated Costs of Project

Buildings and Equipment	\$2,100,000
Equipment	487,000
Rehabilitation of Buildings and Equipment	300,000
Bond Issuance Costs, Bank Letter of Credit Fees, County's Financing Fee	<u>50,000</u>
	\$2,937,000