

RESOLUTION NO. R 079 86

AUTHORIZING THE ISSUANCE OF \$2,540,000 ECONOMIC DEVELOPMENT REVENUE BONDS (GATEWAY PARTNERSHIP VI PROJECT), SERIES 1986, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the Council of Sussex County (the "County") has heretofore adopted the Sussex County Commercial, Industrial and Agricultural Ordinance, Ordinance No. 80, (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, Gateway Partnership VI, a Maryland partnership (the "Applicant"), has applied to the County for the financing of a project consisting of the acquisition of approximately 3.11 acres of land, to construct thereon and operate a 60 room luxury budget motel with a swimming pool, to be located on the south side of the intersection of U.S. 13 and Beaver Dam Drive (east of U.S. 13) in the Town of Seaford, Seaford Hundred, Sussex County, Delaware (the "Project"); and

WHEREAS, as required by the General Ordinance, the Applicant submitted to the County through the County Administrator (the "Administrator") an application for assistance in financing the Project (the "Application") and requested the County to finance a portion of the costs of the project through the issuance by the County of Economic Development Revenue Bonds in a principal amount not to exceed \$2,600,000; and

WHEREAS, after public notice published in The Wilmington Morning News on November 5, 1986, and as required by the General Ordinance, the Application was reviewed by a committee comprised of the County Administrator, Director of Finance, County Attorney and Director of Economic Development (the "Review Committee") at a public hearing conducted on November 20, 1986, at which time

all interested persons were given an opportunity to be heard; and

WHEREAS, the Review Committee made the findings and determinations required by the General Ordinance; and

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

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

WHEREAS, this Council approved the Project and made the findings and determinations required by the General Ordinance at its regular meeting held on November 25, 1986; and

WHEREAS, the Purchaser now requests the County to issue and sell its Economic Development Revenue Bonds (Gateway Partnership VI Project), Series 1986 in the aggregate principal amount of \$2,540,000 and to loan the proceeds thereof to the Purchaser to finance the cost of acquiring, constructing and equipping the Project; and

WHEREAS, there have been presented to this meeting the forms of the following instruments, copies of which shall be filed with the records of the County:

(a) A Bond Purchase Agreement, dated as of December 1, 1986 (the "Bond Purchase Agreement"), among the County, Capitoline Investment Services, Inc. (the "Original Purchaser") and the Purchaser, whereby, among other things, the Original Purchaser agrees to purchase the Bonds, all upon the terms and conditions contained therein;

(b) A Financing Agreement, dated as of December 1, 1986, between the County and the Purchaser (the "Financing Agreement");

(c) A Loan Agreement, dated as of December 1, 1986, between the County and the Purchaser (the "Loan Agreement"), whereby, among other things, the County has agreed to loan the

proceeds of the Bonds to the Purchaser, and the Purchaser agrees to repay the loan, upon the terms and conditions contained therein;

(d) An Indenture of Trust, dated as of December 1, 1986, (the "Indenture") between the County and United Virginia Bank, Richmond, Virginia, as Trustee (the "Trustee"), providing for the issuance of, and security for, the Bonds; and

(e) The form of the County's Revenue Bonds (Gateway Partnership VI Project), Series 1986, dated as of December 1, 1986, in the aggregate principal amount of \$2,540,000 (the "Bonds"). The principal of, and interest (at the rates set forth in, or determined in accordance with, the Bonds) on, the Bonds shall be payable in the amounts, at the times and in the manner set forth in the form of Bonds attached to this resolution; and

WHEREAS, after careful consideration and in furtherance of the public purpose for which it was created, the County proposes to execute or enter into the documents listed above as (a), (b), (c), and (d) (collectively, the "Documents") and to issue the Bonds all as hereinafter set forth,

NOW, THEREFORE,

BE IT RESOLVED BY THE SUSSEX COUNTY, DELAWARE COUNTY COUNCIL:

1. For the purpose of paying the cost of acquiring, constructing and equipping the Project, the issuance of the revenue bonds of the County to be known as the "Sussex County, Delaware, Economic Development Revenue Bonds (Gateway Partnership VI Project), Series 1986" is hereby authorized. The Bonds shall be dated as of December 1, 1986, shall be in the aggregate principal amount of \$2,540,000, and the principal thereof, and interest thereon at the rates of interest set forth in and determined in accordance with the Bonds and the Indenture, shall be payable in the amounts, at the times and in the manner set forth in the form of the Bonds attached to this Resolution as Exhibit A and by this reference is incorporated herein and made a part hereof. The form of the Bonds shall be substantially in the form presented to this meeting.

2. The payments to be received by the County under the terms of the Financing Agreement, as represented by the Purchaser, are calculated to be sufficient to pay the principal and redemption price of, and interest on, the Bonds as the same become due and payable.

3. The execution, delivery and performance of the Documents are hereby authorized, directed and approved. The Documents shall be in substantially the forms submitted to this meeting, as hereinabove recited, with such changes, insertions or omissions as may be approved by the Administrator, whose approval thereof shall be conclusively evidenced by the execution and delivery or acceptance of such Documents by such officer with such changes, insertions or omissions.

4. United Virginia Bank, Richmond, Virginia is hereby designated to act as the Trustee under the Indenture and as paying agent and registrar for the Bonds.

5. The Administrator is hereby authorized and directed to execute manually or by his facsimile signature, and the Clerk of the County is hereby authorized and directed to affix or cause to be imprinted and attest by manual or facsimile signature the seal of the County to, the Bonds in the form contemplated by the Indenture and as presented to the County at the meeting at which these preambles and resolutions were adopted, with such changes, insertions or omissions as are authorized, as aforesaid; and the Administrator is authorized and directed to deliver the Bonds to the Original Purchaser or its duly authorized attorney in fact, upon payment of the purchase price and such other terms set forth in the Indenture and Bond Purchase Agreement. The Trustee, as Bond Registrar, shall keep accurate records of the registered holder of the Bonds and any transfers thereof as specified in the Bonds and the Indenture.

6. The Administrator is hereby authorized to execute and deliver on behalf of the County the Documents, and each officer

of the County is hereby authorized to execute and deliver such instruments and documents on behalf of the County and to execute and deliver all such instruments, documents or certificates, including but not limited to executing and filing Form 8038 with the Internal Revenue Service to satisfy the requirements of Section 149(e) of the Code with respect to the Bonds, and to do and perform all such things and acts as each such officer shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the Documents and other instruments referred to in this Resolution; and all such things and actions heretofore done or performed by the officers or members of the County are in all respects approved, ratified and confirmed.

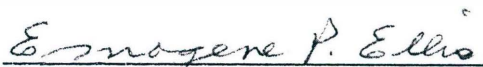
7. The County, in conformity with Treasury Decision 8086 (issued May 2, 1986), hereby makes the election to have the provisions of Section 144(a)(4) of the Tax Code apply to all of the Bonds.

8. All other acts of the officers of the County which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the Project, whether such acts occurred before or occur after the adoption of this Resolution, are hereby ratified, approved and confirmed.

9. The provisions of Resolution No. R 052 86 adopted by the County Council on November 25, 1986 are hereby incorporated by reference, except where superseded by the provisions hereof.

10. This Resolution shall take effect immediately upon adoption, this 30th day of December, 1986.

I DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF RESOLUTION NO. R 079 86 PASSED BY THE COUNTY COUNCIL OF SUSSEX COUNTY COUNCIL OF SUSSEX COUNTY ON THE 30TH DAY OF DECEMBER, 1986.


EMOGENE P. ELLIS
CLERK OF THE COUNTY COUNCIL

SYNOPSIS: This Project Resolution authorizes the County to issue an economic development revenue bond in the principal amount not to exceed \$2,600,000.00 for the financing of a project consisting of the acquisition of 3.11 ± acres of land and the construction thereon of a luxury budget motel, to be located in the Town of Seaford, Seaford Hundred, Sussex County, Delaware.

FISCAL NOTE: This Project Resolution, inasmuch as it is an authorization to issue an economic development revenue bond, has no direct fiscal impact on Sussex County. The bond or obligation contemplated by this resolution will be a limited obligation of the County, which will not constitute or give rise to any pecuniary liability of the County other than from the revenues derived from the project financed, which will be specifically pledged to payment of principal and interest on the bond.

EXHIBIT A
to
PROJECT RESOLUTION
for
GATEWAY PARTNERSHIP VI PROJECT

Estimated Costs of Project

Land	\$ 400,000
Construction of Buildings	1,450,000
Equipment, Machinery, Utilities, Roads and Appurtenant Facilities	240,000
Engineering and/or Architectural Fees	70,000
Legal fees (Including Bond Counsel Fees)	20,000
Financial Charges	20,000
Construction Period Interest	60,000
Contingencies	50,000
*Other	217,345
Fee to County (1/2 of 1% of Requested Financing)	<u>12,655</u>
TOTAL	\$2,540,000
*Market Study	\$15,000
Franchise Fee	25,000
Project Mgmt	85,000
Accountant	3,000
Pre-Opening Marketing & Mgmt	15,000
Working Cap.	30,000
Landscaping	15,000
Taxes During Const.	3,000
Signs & Billboards Purch. & Rental	25,000
Travel Exp. Delivery Long Distance Phone Calls	5,000