



**The Mayor and Commissioners  
of the Town of Elkton**

**Resolution R8 - 2020**

**A RESOLUTION** designating a special taxing district in the corporate boundaries of the Town of Elkton, Cecil County, Maryland to be known as the “Southfields Special Taxing District;” providing for the levy of a special tax on property within the Southfields Special Taxing District; creating a special fund with respect to the Southfields Special Taxing District; pledging that the Town of Elkton will pay the proceeds of the special tax on real property within the Southfields Special Taxing District into a special fund; providing for the use of moneys in the special fund; authorizing the Town of Elkton to enter into one or more development agreements concerning the Southfields Special Taxing District; making certain legislative findings, among others, concerning the public benefit and purpose of the Southfields Special Taxing District; imposing a special tax on property within the Southfields Special Taxing District; approving, pursuant to notice and following a public hearing, the designation of the special taxing district and the tax levy and imposition; and generally providing for the imposition and levy of a special tax, all in accordance with Sections 21-407 to 21-422 of the Local Government Article of the Annotated Code of Maryland, as amended.

**WHEREAS**, under the provisions of Sections 21-407 to 21-422 of the Local Government Article of the Annotated Code of Maryland, as amended (the “**Act**”), the Town of Elkton, a body politic and corporate, a municipal corporation and a political subdivision of the State of Maryland, may establish a “special taxing district” (as that term is used under the Act) and a special fund into which the Southfields Special Tax (hereinafter defined) for the Southfields Special Taxing District (hereinafter defined) is deposited; and

**WHEREAS**, before issuing bonds, the Town of Elkton is required to designate an area or areas within the Town of Elkton as a “special taxing district,” provide for the levy of a special tax on property within the special taxing district, create a special fund with respect to the special taxing district, pledge to the special fund the proceeds of the special tax to be imposed and require that the proceeds from the tax be paid into the special fund; and

**WHEREAS**, the Town of Elkton has received a “Petition to Create Southfields Special Taxing District” (the “**Petition**”) collectively from the owners (the “**Current Owners**”) and the beneficial owner by contract (the “**Contract Purchaser**”) of certain real property located in the Town of Elkton. The Contract Purchaser intends to develop the property, which development will consist of retail, commercial, residential, office, hotel, marina and athletic facilities and related amenities within and benefiting the proposed Southfields Special Taxing District; and

**WHEREAS**, the creation of the Southfields Special Taxing District and the issuance of bonds under the Act will serve the public purposes of providing public

improvements within the Town of Elkton, directly and indirectly enhancing the taxable base of the Town of Elkton, encouraging the development of commerce and industry within the Town of Elkton, and increasing employment opportunities within the Town of Elkton through the installation of improvements for the Southfields Special Taxing District and the Town of Elkton; and

**WHEREAS**, the Contract Purchaser has requested the levy of a special tax upon all real property within the proposed Southfields Special Taxing District unless exempted by law or as provided herein and in a resolution or ordinance that may be enacted authorizing the issuance of the bonds; and

**WHEREAS**, the Town of Elkton has further determined to create the Southfields Special Taxing District Fund to facilitate the issuance of the bonds under the Act; and

**WHEREAS**, the Southfields Special Tax shall be calculated, levied and collected according to the procedures provided in a rate and method of apportionment as further set forth herein, and the maximum amount to be assessed with respect to any parcel of property, which is located within Southfields Special Taxing District, shall be calculated pursuant to the methodology provided in such rate and method of apportionment; and

**WHEREAS**, the Contract Purchaser has requested that the Town of Elkton issue its special obligation bonds in one or more issues or series to finance infrastructure improvements within or adjacent to the Southfields Special Taxing District, as permitted by the Act; and

**WHEREAS**, the Act authorizes the Town of Elkton to issue special obligation bonds from time to time for the purpose of providing funds to be used to fulfill one or more of the purposes of the Act; and

**WHEREAS**, the Town of Elkton expects to issue its special obligation bonds upon enactment of one or more resolutions or ordinances, and such resolutions or ordinances will provide that the special obligation bonds, which shall constitute limited obligations of the Town of Elkton, shall be secured by a pledge of the Southfields Special Tax and any other revenues pledged by the Town of Elkton, as more specifically provided for therein; and

**WHEREAS**, no bonds to be secured by special taxes levied in the Southfields Special Taxing District shall be issued until such time as the property proposed to be included in the Southfields Special Taxing District is conveyed to the Contract Purchaser or its affiliates in fee simple ; and

**WHEREAS**, by this Resolution and pursuant to the Act, the Town of Elkton desires (i) to establish the Southfields Special Taxing District and create the Southfields Special Taxing District Fund (hereinafter defined), (ii) to levy and impose the Southfields Special Tax on all real and personal property in the Southfields Special Taxing District except as may be further described herein and (iii) to specify certain other matters relating to the

Southfields Special Taxing District, the Southfields Special Tax and the Southfields Special Taxing District Fund.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Commissioners of the Town of Elkton, that:

1. For the purposes of this Resolution, the terms defined in the recitals shall have the meanings therein set forth and, in addition, the following terms shall have the meanings set forth below:

(i) **“Bonds”** means special obligation bonds, revenue bonds, notes, or other similar instruments issued in one or more series from time to time by the Mayor and Commissioners of the Town of Elkton as limited obligations pursuant to and in accordance with the Act, and paid and secured by a pledge of the Southfields Special Tax and any other revenues pledged by the Town of Elkton.

(ii) **“Southfields Special Tax”** means the special taxes levied and imposed by the Town of Elkton on the real property within the Southfields Special Taxing District pursuant to the Act.

(iii) **“Southfields Special Taxing District”** means the area within the Town of Elkton designated in Section 3 of this Resolution as a special taxing district under the Act.

(iv) **“Southfields Special Taxing District Fund”** means the special taxing district fund created in Section 4 of this Resolution.

2. Acting pursuant to the Act, it is hereby found and determined that the establishment of the Southfields Special Taxing District, the creation of the Southfields Special Taxing District Fund and the issuance of Bonds in one or more series from time to time pursuant to the Act, all for the purpose of providing funds to finance the costs of certain infrastructure improvements within or outside the Southfields Special Taxing District, accomplishes the public purposes of the Act and generally promotes the health, welfare and safety of the residents of the State of Maryland, Cecil County and the Town of Elkton.

3. An area of the Town of Elkton consisting of the property set forth below is hereby designated as a “special taxing district” pursuant to Section 21-409 of the Act to be known as the **“Southfields Special Taxing District”**. The Southfields Special Taxing District shall consist of the property described and as depicted in the maps attached hereto as Exhibit A and all adjoining roads, highways, alleys, rights of way, parks and other similar property. The boundaries of the Southfields Special Taxing District may be modified prior to and after the issuance of any Bonds, subject to the requirements of the Act.

4. Acting pursuant to Section 21-412 of the Act, there is hereby created a “special fund” to be designated the “**Southfields Special Taxing District Fund**” with respect to the Southfields Special Taxing District. The taxes derived from the levy of the Southfields Special Tax on real property within the Southfields Special Taxing District, once such Southfields Special Tax is levied and collected, shall be paid over to the Southfields Special Taxing District Fund pursuant to Section 21-412 of the Act for so long as the Bonds remain outstanding . The Mayor, the Town Administrator and other officers and employees of the Town of Elkton, to the extent applicable, are hereby authorized to take all necessary steps in order to establish a separate fund to be held by the Town of Elkton.

5. Bonds may be issued in one or more series from time to time pursuant to one or more resolutions or ordinances enacted in accordance with the Act for the purpose of providing funds for the financing of infrastructure improvements within or outside the Southfields Special Taxing District. Such resolutions or ordinances shall specify, in general detail, the proposed undertaking to be financed with the proceeds of the Bonds, and shall otherwise conform to the requirements of the Act and this Resolution.

6. There hereby is levied and imposed, if necessary, the Southfields Special Tax upon all real and personal property within the Southfields Special Taxing District (the “**Southfields Special Tax**”), unless exempted by law or by the provisions hereof, for the purposes, to the extent and in the manner herein provided, through the application of the procedures provided in the Rate and Method of Apportionment of Special Taxes, attached hereto as Exhibit B and made a part hereof (the “**Rate and Method**”). The Town of Elkton hereby covenants to levy, upon on all real and personal property within the Southfields Special Taxing District, the Southfields Special Tax at a rate or in an amount sufficient (i) to provide for the payment of the principal of and interest on the Bonds in each year that any Bonds are outstanding, (ii) to make any other required payments, and (iii) to provide for the payment of the Town of Elkton’s administrative expenses. The Southfields Special Tax may also be levied with respect to refunding Bonds issued under the Act pursuant to the provisions of an ordinance or resolution enacted or adopted by the Town of Elkton in connection with the issuance of such refunding Bonds.

The Mayor and Commissioners of the Town of Elkton have been provided with documentation as to the methodology utilized in apportioning the Southfields Special Tax among property owners within the Southfields Special Taxing District and, based on such documentation, find that the methodology is reasonable and results in fairly allocating the cost of the improvements as required by the Act, conditioned and subject to certification by qualified experts as to the final methodology adopted in apportioning the Special Tax among the property owners.

7. Until any Bonds which are issued to finance the infrastructure improvements have been fully paid or thereafter, the Town of Elkton hereby pledges the proceeds of the Southfields Special Tax levied under the Act on real and personal property subject to such special tax within the Southfields Special Taxing District to the Southfields

Special Taxing District Fund. The pledge to pay the Southfields Special Taxes collected shall be continuous and irrevocable so long as any Bonds are outstanding.

8. The Town of Elkton may use, accumulate, and pay moneys in the Southfields Special Taxing District Fund as provided in, and subject to the restrictions of, the Act.

9. The Southfields Special Tax levied and imposed by this Resolution in the Southfields Special Taxing District shall take effect and be in force beginning July 1 commencing on the first Fiscal Year (as defined in the Rate and Method) after the issuance of the Bonds and each Fiscal Year thereafter while Bonds are outstanding as set forth in the Rate and Method.

10. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part hereof is held or determined to be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Resolution would have been passed if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section or part had not been included herein, and as if the person or circumstances to which this Resolution or any part hereof are inapplicable had been specifically exempted herefrom.

11. This Resolution takes effect from the date of its adoption.

[Signature Page Follows]

READ AND PASSED DURING A VIRTUAL TOWN MEETING  
THIS 16<sup>TH</sup> DAY OF DECEMBER, 2020

Mayor and Commissioners  
of the Town of Elkton

Mayor Robert J. Alt  
Commissioner Charles H. Givens, Sr.  
Commissioner Robert M. Massimiano  
Commissioner Earl M. Piner, Sr.

**Exhibit A**

**PROPERTIES INCLUDED IN THE  
SOUTHFIELDS SPECIAL TAXING DISTRICT**

The special taxing district will be comprised of the tax parcels identified by the tax account numbers in the table below and as described in the attached legal description, all as shown on the maps attached hereto.

Tax Account Identifier

**Exhibit B**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

[Attached]



**Exhibit A**

**PROPERTIES INCLUDED IN THE  
SOUTHFIELDS SPECIAL TAXING DISTRICT**

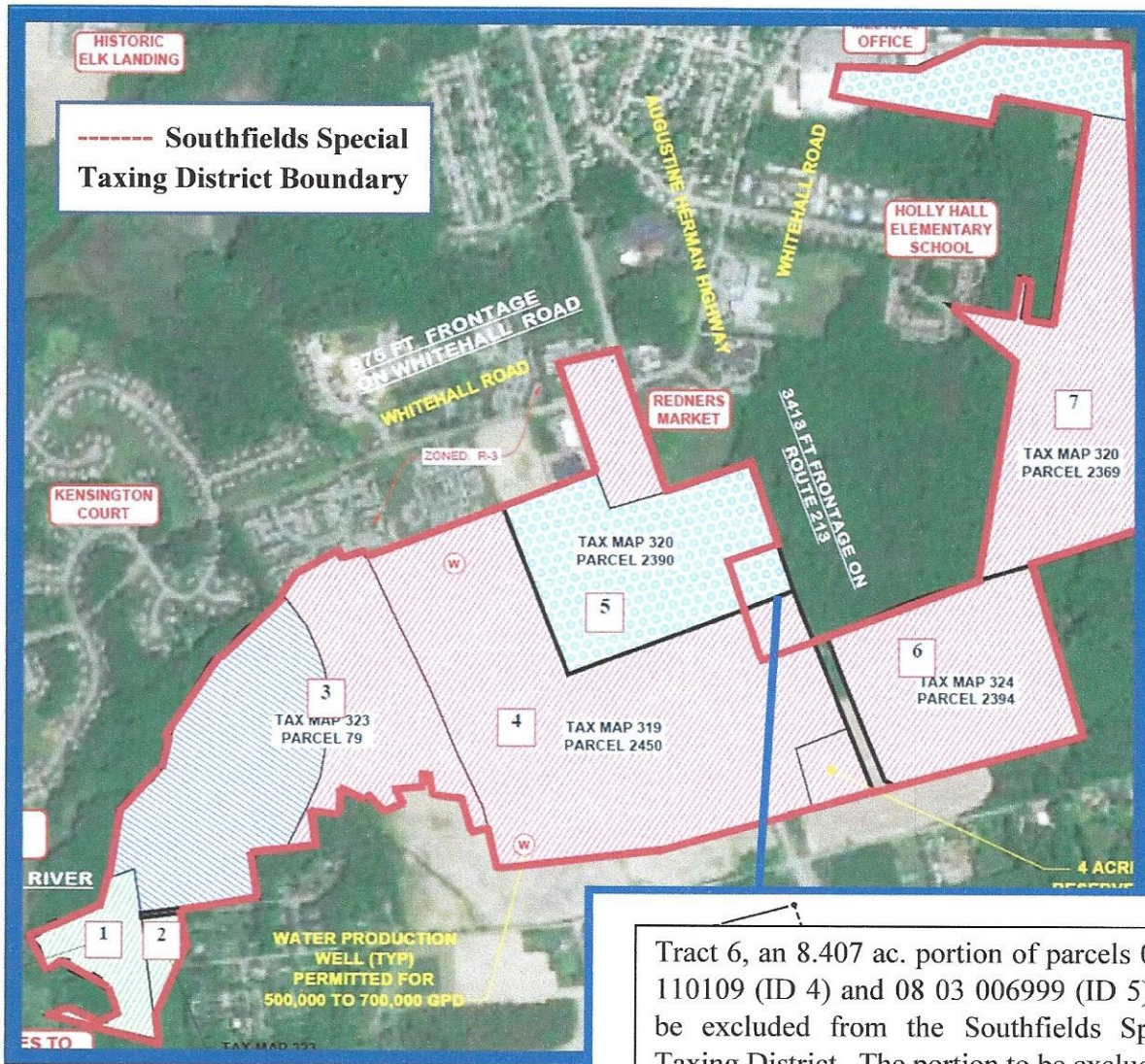
The special taxing district will be comprised of the tax parcels identified by the tax account numbers in the table below and as described in the attached legal description, all as shown on the maps attached hereto.

**Tax Account Identifier**

<u>ID</u>	<u>Tax Parcel ID*</u>	<u>Acreage*</u>
1	08 03 010902	10.32
2	08 03 019748	2.77
3	08 03 015955	68.13
4	08 03 110109	101.63
5	08 03 006999	46.57
6	08 03 006980	37.69
7	08 03 032590	59.66

\* Source: Maryland Department of Assessments and Taxation

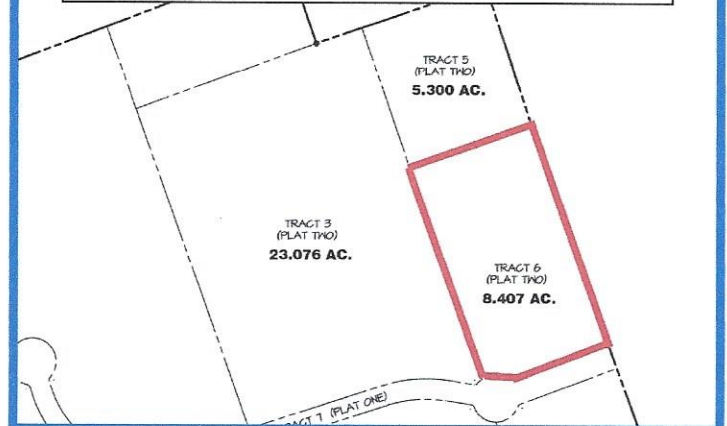
# **Exhibit A** **Southfields Special Taxing District** **Tax Parcels and Boundary Map**



Tract 6, an 8.407 ac. portion of parcels 08 03 110109 (ID 4) and 08 03 006999 (ID 5) will be excluded from the Southfields Special Taxing District. The portion to be excluded is shown below and outlined in red.

ID	Tax Parcel ID <sup>1</sup>	Acreage <sup>1</sup>
1	08 03 010902	10.32
2	08 03 019748	2.77
3	08 03 015955	68.13
4	08 03 110109	101.63
5	08 03 006999	46.57
6	08 03 006980	37.69
7	08 03 032590	59.66
<b>Total</b>		<b>326.77</b>

<sup>1</sup>Source: Maryland Department of Assessment and Taxation.



**Exhibit B**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

[Attached]



**TOWN OF ELKTON, MARYLAND  
SOUTHFIELDS SPECIAL TAXING DISTRICT**

**RATE AND METHOD OF APPORTIONMENT  
OF SPECIAL TAXES**

A Special Tax is hereby levied and shall be collected in the Southfields Special Taxing District (the "District") each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount determined by the Town through the application of the procedures described below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms used herein shall have the following meanings:

**"Act"** means Sections 21-407 to 21-422 of the Local Government Article of the Annotated Code of Maryland, as amended from time to time.

**"Administrative Expenses"** means any or all of the following: the costs and expenses of the Town incurred in connection with the discharge of their respective duties; the costs and expenses of the Town or the County in carrying out their duties under the Indenture of Trust, including, but not limited to, calculating, levying and collecting the Special Tax (whether collected by the Town, County, or otherwise) and complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including an allocable share of the salaries of the Town staff directly related to the administration of the District and a proportionate amount of Town general administration overhead related thereto, and the out-of-pocket costs and expenses of the Town for any professionals retained by the Town to provide services for such purposes; any amounts required to be rebated by the United States of America to comply with the arbitrage rebate requirements applicable to the Bonds, including payment in lieu of rebate; fees payable for any bond insurance or other financial guaranty or credit enhancement with respect to any Bonds or under any Indenture of Trust, including, without limitation, any credit facility for any reserve fund; any unpaid cost or expense of the Town, including, without limitation, fees and expenses of legal counsel and any professionals retained by the Town, for which the Town is entitled to indemnification pursuant to a development agreement or other agreements relating to the District incurred in connection with the defense by the Town or the bringing by the Town of any claim, demand, suit or cause of action relating to the issuance of any Bonds, the establishment of the District, the levy or collection of Special Tax or any other matters related thereto; any fees, expenses or costs included in the definition of Administrative Expenses set forth in the Indenture of Trust and not specifically included herein; and all other costs and expenses of the Town, the Trustee, and the Administrator incurred in connection with the discharge of their respective duties, including legal fees and expenses associated with such duties, and, in the case of the Town, in any way related to the administration of the District.

**“Administrator”** means the designee of the Town for purposes of estimating the annual Special Tax Requirement and the Special Tax to be collected each Fiscal Year and for providing other services as required by the Indenture of Trust or designated by the Town. Initially, the Administrator will be MuniCap, Inc.

**“Assigned Special Tax”** means the Special Tax described as the Assigned Special Tax in Section B.

**“Bond Year”** shall have the meaning given to such term in the Indenture of Trust.

**“Bonds”** means any bonds or other debt, including refunding bonds, whether in one or more series, issued by the Town relating to the District pursuant to the Act to be paid by Special Taxes.

**“Building Square Footage” or “BSF”** means the actual, or for property not yet developed, the estimated, building area either rented or directly used in the production of income (not including area within a parking garage) as shown on the building permit, architectural plans or other available documents, as estimated by the Administrator.

**“Commencement Date”** means the first day of the first Fiscal Year in which Special Taxes are levied and may be collected, which shall be the first Fiscal Year after the issuance of any of the Bonds.

**“Commercial Property”** means Parcels of Taxable Property used or intended for use as Hotel Property, Marina Property, Mixed Retail Property, Office Property, and Sports Property and any other Parcel of Taxable Property not classified as Residential Property.

**“Completion of Construction”** means the first to occur of the following: (i) issuance of all of the Bonds contemplated for the District, not including refunding bond issues, or (ii) completion of all of the Public Improvements as evidenced by a certificate of completion (as provided for in the Indenture of Trust).

**“County”** means Cecil County, Maryland.

**“Date of Classification”** means a date selected by the Administrator each Fiscal Year for the purposes of classifying property for the collection of Special Taxes.

**“Developed Property”** means any Parcel of Taxable Property (i) for which there has been a recordation of an approved final development plan resulting in a record plat or subdivision, or (ii) which has been formed under a declaration or added to an owner association by the filing of a supplemental declaration or similar document in the land records of the Town or County.

**“Fiscal Year”** means the period starting any July 1 and ending on the following June 30 or such other twelve-month period as is established as the fiscal year by the Town or by Maryland law.



**“Hotel Property”** means Parcels of Taxable Property for which an occupancy permit has been issued for purposes of occupying a building to be used as a hotel, more specifically, a building that contains or will contain six or more guest rooms in which living and sleeping accommodations are provided for one or more paying visitor(s) and where temporary lodging is provided for compensation.

**“Indenture of Trust”** means the indenture of trust relating to the Bonds, as modified, amended and/or supplemented from time to time.

**“Land Use Class”** means Residential Property, Hotel Property, Mixed Retail Property, Office Property, Sports Property, and Marina Property.

**“Mandatory Prepayment of the Special Tax”** means the required prepayment of the Special Tax pursuant to Section I.

**“Marina Property”** means Parcels of Commercial Property on which has been built or is intended to be built docks, moorings for boats, boat rental facilities, and any other ancillary uses thereto.

**“Maximum Special Tax”** means the highest Special Tax determined in accordance with Section B that may be collected in any Fiscal Year on any Parcel of Taxable Property.

**“Mixed Retail Property”** means Parcels of Commercial Property used or intended for use primarily for retail, restaurant, fuel sales, and any other Taxable Property not defined as Hotel Property, Office Property, Sports Property, or Marina Property.

**“Net Land Area”** means the net usable land area as estimated by the Administrator and confirmed by the Town. Net usable land means the land on which development may occur, but excluding existing or proposed Public Property, exclusive of use easements, Owner Association Property, Non-Benefited Property, and other areas on which development may not occur, including remainder portions of Parcels not practical for development.

**“Non-Benefited Property”** means any Parcel inside of a resource protection area that has not received designation of growth allocation acreage and is not subject to a Planned Unit Development (PUD) for development. A Parcel will be designated as a Non-Benefited Property until the Parcel has met both requirements.

**“Office Property”** means Parcels of Commercial Property used or intended for use primarily as office facilities, including any ancillary space thereto.

**“Owner Association Property”** means, for any Fiscal Year, any real property within the boundaries of the District that is owned by or irrevocably offered for dedication to a property owner's association and available for use in common by the property owners; provided, however, that real property that has been irrevocably offered for dedication includes only those Parcels for which a copy of the offer has been provided to the Administrator.

**“Parcel”** means a lot or parcel of real property within the District with a parcel number assigned by the tax collector or a separate legal parcel identified by the Town for purposes of collecting Special Taxes.

**“Proportionately”** means that the ratio of the actual Special Tax to be collected for a Parcel to the total Special Tax for all Parcels within a class, with a class representing either Developed Property or Undeveloped Property.

**“Public Improvements”** means those public improvements the Town has authorized to be constructed for the benefit of the District and funded by Bonds.

**“Public Property”** means property within the boundaries of the District owned by, or irrevocably offered for dedication (in a plat map approved by the Town or otherwise) to the federal government, State of Maryland, the Town, other entities exempt from taxation for public purposes, or other public agency or instrumentality or easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that has been irrevocably dedicated includes only those parcels or portions of parcels for which a copy of the easement or offer has been provided to the Administrator.

**“Residential Property”** means Developed Property used or intended for use as residential dwelling units.

**“Required Maximum Special Tax”** means the required Maximum Special Tax as provided for in the Indenture of Trust.

**“Special Tax”** means the Special Tax levied by the Town and to be collected pursuant to the terms herein.

**“Special Tax Requirement”** has the meaning given to it in Section C.1.

**“Sports Property”** means the Sports Indoor Property and Sports Outdoor Property.

**“Sports Indoor Property”** means Parcels of Commercial Property on which has been built or is intended to be built indoor athletic fields, athletic courts, associated athletic facilities, and any ancillary uses thereto.

**“Sports Outdoor Property”** means Parcels of Commercial Property on which has been built or is intended to be built outdoor athletic fields, and any ancillary uses thereto.

**“Taxable Property”** means any Parcel that is not Public Property, Non-Benefited Property, or Owner Association Property.

**“Termination Date”** means the last Fiscal Year in which Special Taxes have been levied and may be collected as provided for in Section F herein.

**“Town”** means Town of Elkton, a municipal corporation of the State of Maryland.

**“Town Commission”** means the Board of Commissioners of the Town.

**“Trustee”** means the trustee appointed by the Town to carry out the duties of the Trustee specified in the Indenture of Trust.

**“Undeveloped Property”** means any Parcel of Taxable Property that is not classified as Developed Property.

**B. SPECIAL TAX RATES**

1. Developed Property

a. Assigned Special Tax

The Assigned Special Tax for the Commencement Date for each Parcel of Developed Property shall be equal to the product of the number of dwelling units, rooms, acres, or 1,000 SF of Building Square Footage for each Land Use Class on, or that may be built on, such Parcel (as estimated by the Administrator) as shown in Table A.

**TABLE A**  
**Assigned Special Tax**  
**Commencement Date**

Land Use Class	Assigned Special Tax	
Residential Property	\$492	Per Unit
Hotel Property	\$832	Per Room
Mixed Retail Property	\$812	Per 1,000 BSF
Office Property	\$1,304	Per 1,000 BSF
Sports Indoor Property	\$969	Per Acre
Sports Outdoor Property	\$305	Per Acre
Marina Property	\$1,772	Per Slip

On each July 1, commencing in the year following the Commencement Date, the Assigned Special Tax rates shown in Table A shall be increased to 102 percent of the respective Assigned Special Tax in effect in the previous Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Developed Property shall be the greater of (i) and (ii) below.

- i. the product of the number of dwelling units, rooms, acres, or 1,000 SF of Building



Square Footage for each Land Use Class on, or that may be built on, such Parcel (as estimated by the Administrator) and the Maximum Special Tax rates for each Land Use Class as shown in Table B.

**TABLE B**  
**Maximum Special Tax**  
**Commencement Date**

Land Use Class	Maximum Special Tax	
Residential Property	\$541	Per Unit
Hotel Property	\$915	Per Room
Mixed Retail Property	\$893	Per 1,000 BSF
Office Property	\$1,066	Per 1,000 BSF
Sports Indoor Property	\$336	Per Acre
Sports Outdoor Property	\$1,949	Per Acre
Marina Property	\$1,435	Per Slip

On each July 1, commencing in the year following the Commencement Date, the Maximum Special Tax rates shown in Table A shall be increased to 102 percent of the respective Assigned Special Tax in effect in the previous Fiscal Year.

- ii. an amount determined by the following formula:

$$A = (B \div C) \times D$$

Where the terms have the following meaning:

- A = The Maximum Special Tax for a Parcel  
 B = The Assigned Special Tax for the Parcel  
 C = The total of the Assigned Special Tax on all Parcels of Developed Property and the Maximum Special Tax on all Parcels of Undeveloped Property  
 D = The Special Tax Requirement.

## 2. Undeveloped Property

The Maximum Special Tax for any Fiscal Year for each Parcel classified as Undeveloped Property shall be determined by the following formula:

$$A = (B - C) \times (D \div E)$$

Where the terms have the following meaning:

- A = The Maximum Special Tax for a Parcel
- B = The Special Tax Requirement for that Fiscal Year
- C = The Special Tax to be collected from Developed Property by Step 1 of Section C.3. for that Fiscal Year
- D = The Net Land Area of the Parcel of Undeveloped Property for which the Special Tax is being calculated
- E = The Net Land Area of all of the Parcels of Undeveloped Property.

3. Personal Property

The Special Tax on personal property shall be zero.

**C. COLLECTION OF THE SPECIAL TAX**

The Special Tax shall be levied each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, at the Maximum Special Tax. The Special Tax shall be collected each Fiscal Year as provided for below.

1. Special Tax Requirement

The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and determined by the Town and shall be an amount equal to (A) the amount required in any Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Tax collected in such Fiscal Year (including debt service and other periodic costs on any Bonds which were payable in any previous Fiscal Year but were not paid by the District), (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the District, (3) any amount required to replenish any reserve fund established in association with any Bonds, (4) a contingency, which may include an amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account or amounts required to establish or maintain any reserves, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash) (including such costs that were payable in any previous Fiscal Year but were not paid by the District), less (B) (1) any credits available pursuant to the Indenture of Trust, such as capitalized interest, reserves, and investment earnings on any account balances (including available investment earnings on funds on deposit in the reserve funds under the Indenture of Trust), and (2) any other revenues available to apply to the Special Tax Requirement. The amounts included in (A) (3) and (4) above shall not exceed an amount in the aggregate that would result in an increase in the amount of the Special Tax Requirement by an amount more than ten percent of the amounts included in (A) (1) and (5) above.

2. Assignment to Land Use Categories

For each Fiscal Year, each Parcel shall be classified as Public Property, Owner Association Property, Non-Benefited Property or Taxable Property. Each Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Each Parcel of Developed Property

shall be classified as Residential Property, Hotel Property, Mixed Retail Property, Office Property, Sports Property or Marina Property. Each classification shall be made on the basis of the classification that most nearly matches the property being classified. The classification of Parcels shall be made based on the status of each Parcel as of the Date of Classification.



3. Collection of the Special Tax

Commencing with Commencement Date and for each following Fiscal Year through the Termination Date, the Special Tax shall be collected as provided below.

**First:** Prior to the Completion of Construction, the Special Tax shall be collected from each Parcel of Developed Property at the Assigned Special Tax for such property. Subsequent to the Completion of Construction, the Special Tax shall be collected Proportionately from each Parcel of Developed Property up to the Assigned Special Tax for such property to the extent necessary to fund the Special Tax Requirement.

**Second:** If additional monies are needed to fund the Special Tax Requirement after the first step has been completed, the Special Tax shall be collected Proportionately from each Parcel of Undeveloped Property up to 100 percent of the Maximum Special Tax for such property, to the extent necessary to fund the Special Tax Requirement.

**Third:** If additional monies are needed to fund the Special Tax Requirement after the second step has been completed, the Special Tax shall be collected Proportionately on each Parcel of Developed Property up to 100 percent of the Maximum Special Tax for such property, to the extent necessary to fund the Special Tax Requirement.

The Administrator shall provide an estimate to the Town prior to each Fiscal Year of the amount of the Special Tax to be collected from each Parcel in conformance with the provisions of this section.

4. Circumstances Under Which the Special Tax May be Increased as a Result of a Default

The Special Tax on any Parcel may be increased as a result of a default in the payment of the Special Tax levied on any other Parcel, but only to the Maximum Special Tax.

**D. EXEMPTIONS**

A Special Tax shall not be collected from Public Property, Non-Benefited Property, or Owner Association Property.

**E. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary real property taxes and shall be secured in the same manner as general ad valorem taxes and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for general ad valorem taxes; provided, however, the Special Tax may be collected at a different time or in a different manner as determined by the Town, provided that such time or manner is not inconsistent with the provisions of the Indenture of Trust.

## **F. TERMINATION OF SPECIAL TAX**

Except for any delinquent Special Tax and related penalties and interest, Special Taxes are not levied and shall not be collected after the earlier of (i) the repayment or defeasance of the Bonds in accordance with the terms of the Indenture of Trust, (ii) the thirtieth (30th) Fiscal Year in which a Parcel paid Special Tax as Developed Property, and (iii) such times provided for by the Indenture of Trust.

## **G. APPEALS OF THE SPECIAL TAX**

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the finance director of the Town or the Administrator if designated by the finance director not later than one calendar year after the due date (i.e., July 1) for the Special Tax that is disputed. Such appeal may not affect the due date of the payment of the Special Tax. The finance director or Administrator shall promptly review all information supplied by the appellant in support of the appeal and, if necessary, meet with the property owner, and decide the appeal. If the decision of the finance director or Administrator requires the Special Tax to be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy or unless sufficient funds will otherwise be available to meet the Special Tax Requirement), but an adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the finance director or Administrator may be appealed to the Town Commission, which shall consider any written or oral evidence presented by appellant. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

## **H. PREPAYMENT OF SPECIAL TAX**

The Special Tax for any Parcel may be prepaid and the obligation to pay the Special Tax for the Parcel permanently satisfied as provided for herein. The Special Tax to be prepaid for Parcels of Undeveloped Property shall be calculated as if the Parcels were Developed Property.

The Special Tax prepayment amount shall be equal to the following: (a) the sum of the following: (i) Principal, (ii) Premium, (iii) Defeasance, and (iv) Fees, (b) less the Reserve Fund Credit, plus any delinquent Special Tax on such Parcel, including any applicable penalties and related costs, where the terms have the following meanings:

**Principal** means a portion of the principal of the Bonds equal to (i) the Maximum Special Tax for the Parcel for which the Special Tax is being prepaid for the Fiscal Year in which such prepayment is made divided by (ii) the District Maximum Special Tax for the Fiscal Year in which such prepayment is made with the result multiplied by (iii) the total Bonds outstanding after application of the Special Tax collected in the corresponding Fiscal Year plus any additional Bonds authorized to be issued.

**Premium** means an amount equal to the Principal multiplied by the applicable redemption premium for the Bonds to be redeemed, as provided for in the Indenture of Trust. There shall be



no Premium if the prepayment is made prior to the issuance of any Bonds.

**Defeasance** means the amount needed to pay interest on the Principal until the earliest call date for the Bonds to be redeemed, less (a) the amount that is projected to be received by the Trustee from the reinvestment of the Special Tax prepayment until such Bonds are redeemed from the prepayment and (b) the Special Tax paid prior to the prepayment that will be applied to the interest on or principal of the Bonds that is included in the calculation of the Principal or Defeasance.

**Fees** means Administrative Expenses associated with the prepayment, including but not limited to the calculation of the prepayment, the costs of redeeming the Bonds (including, but not limited to, any costs associated with effectuating a defeasance in accordance with the Indenture of Trust), and the costs of recording or publishing any notices related to the prepayment and the redemption of the Bonds.

**Reserve Fund Credit** means any reduction in funds on deposit in the reserve fund resulting from the redemption of Bonds, as provided for the Indenture of Trust.

The sum of the amounts calculated herein shall be paid to the Town or the Trustee and shall be used to pay and redeem the Bonds in accordance with the Indenture of Trust and to pay the Administrative Expenses associated with the prepayment. Upon the payment of such prepayment amount to the Town or the Trustee, the obligation to pay the Special Tax for such Parcel shall be deemed to be permanently satisfied, and the Special Tax shall not be collected thereafter from such Parcel.

A Parcel may prepay its Special Tax prior to the issuance of Bonds. In this case, the amount of the prepayment shall be equal to the Principal calculation, excluding Premium, Defeasance, Fees, and Reserve Fund Credit, with Principal calculated substituting the costs of the Public Improvements to be funded by the Bonds (calculated assuming no prepayment) in place of the amount of Bonds as included in the formula above. In the case of a prepayment made prior to the issuance of Bonds, in-lieu of a cash payment for the prepayment, the prepayment may be made by a commitment to fund the costs of the Public Improvements as calculated in the prepayment formula pursuant to a written agreement between the Town and the party requesting the prepayment.

Upon the payment of such prepayment, the obligation to pay the Special Tax for such Parcel shall be deemed to be permanently satisfied, and the Special Tax shall not be collected thereafter from such Parcel.

## **I. MANDATORY PREPAYMENT OF SPECIAL TAXES**

A Mandatory Prepayment of the Special Tax shall be required for any Parcel of Taxable Property if the Maximum Special Tax for that Parcel is less than the Required Maximum Special Tax. The Maximum Special Tax for the Parcel shall be calculated based on the Maximum Special Tax rates determined pursuant to Section B and the development that is to occur on such Parcel.

The Mandatory Prepayment of Special Tax shall be calculated as set forth in Section H; however, "Principal" shall be calculated according to the following formula:

$$A = [(B - C) \div D] \times E$$

Where the terms have the following meaning:

- A = the principal portion of the Mandatory Prepayment of Special Tax
- B = the Required Maximum Special Tax
- C = the Maximum Special Tax for the Parcel, calculated as set forth above
- D = the Maximum Special Tax for all Taxable Property in the District upon full development of the District
- E = the total principal amount of Bonds outstanding.

The amounts calculated in the preceding formula shall be paid to the Town or the Trustee in accordance with the Indenture of Trust and shall be used to pay and redeem the Bonds in accordance with the Indenture of Trust and to pay the Administrative Expenses associated with the Mandatory Prepayment of Special Tax.

The Mandatory Prepayment of Special Tax shall be due prior to the recordation, conveyance, or other action that results in a change to any Parcel resulting in a Mandatory Prepayment of Special Tax. In the event the Mandatory Prepayment of Special Tax is not paid prior to the change in any Parcel, the total Mandatory Prepayment of Special Tax may be collected from any and all of the resulting Parcels. The Mandatory Prepayment of Special Tax shall have the same sale and lien priorities as provided for by law for Special Taxes.

The Mandatory Prepayment of Special Tax shall not exceed the amount required to provide for the payment or redemption of the principal amount of the outstanding Bonds plus the other amounts set forth in Section H.

## **J. AMENDMENTS**

This "Rate and Method of Apportionment of Special Taxes" may be amended by the Town and, to the maximum extent permitted by the Act, such amendments may be made without further notice under the Act and without notice to owners of Taxable Property within the District in order to (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the owners of the Bonds, and (iii) otherwise improve the ability of the Town to fulfill their obligations to levy and collect the Special Tax and to make it available for the payment of the Bonds and Administrative Expenses.

## **K. INTERPRETATION OF PROVISIONS**

The Town shall make all interpretations and determinations related to the application of this "Rate and Method of Apportionment of Special Taxes," unless stated otherwise herein or in the

Indenture of Trust, and as long as there is a rational basis for the determination made by the Town, such determination shall be conclusive.

**L. SEVERABILITY**

If any section or part of a section of this “Rate and Method of Apportionment of Special Taxes” is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section herein is wholly or necessarily dependent upon the section of part of a section so held to be invalid or unenforceable.