



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

Resolution R9 - 2020

A RESOLUTION concerning the issuance and sale of Special Obligation Bonds for the Southfields Special Taxing District. For the purpose of providing that special obligation bonds may be issued from time to time under the provisions of this Resolution, Sections 21-407 through 21-422 of the Local Government Article of the Annotated Code of Maryland, as amended (the “**Act**”), and Resolution R8 - 2020, in an amount not to exceed the aggregate principal amount of Fifteen Million Dollars (\$15,000,000) in order for the Town of Elkton to finance or reimburse, through the issuance of special obligation bonds, in accordance with the Act, costs related to the construction and installation of certain of the public infrastructure improvements as more particularly described herein; making certain findings and determinations, among others, concerning the public benefit and purpose of such special obligation bonds; providing that the special obligation bonds authorized to be issued hereby shall be payable, from the amounts levied and deposited in the Southfields Special Taxing District Fund (as defined in Resolution R8 - 2020) and that the special obligation bonds shall not constitute a general obligation debt of the Town of Elkton or a pledge of the Town of Elkton’s full faith and credit or taxing power; authorizing the Mayor of the Town of Elkton to specify, prescribe, determine, provide for and approve certain details, forms, documents or procedures in connection with such special obligation bonds issued hereunder and any other matters necessary or desirable in connection with the authorization, issuance, sale and payment of such special obligation bonds; authorizing the Mayor and Town Administrator to take certain actions, to execute documents and make certain commitments on behalf of the Town of Elkton in connection with the issuance, sale and delivery of such special obligation bonds; authorizing the execution and delivery of such special obligation bonds and such other documents as may be necessary and desirable to effectuate the financing of the infrastructure improvements and the issuance, sale and delivery of such special obligation bonds; and generally providing for, and determining various matters in connection with, the issuance, sale, delivery and payment of such special obligation bonds.

WHEREAS, under the provisions of the Act, the Town of Elkton, a body politic and corporate, a municipal corporation and a political subdivision of the State of Maryland (the “**Town of Elkton**”), may issue and sell bonds for the purpose of financing, refinancing, or reimbursing the cost of establishing, acquiring, designing, constructing, altering, or extending adequate infrastructure improvements as necessary for the development and use of land in any defined geographic region in the Town of Elkton, including storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities, libraries, and schools, and other infrastructure improvements as necessary, whether situated within the Southfields Special Taxing District or outside the Southfields Special Taxing District.

WHEREAS, to incentivize investment in the Town of Elkton and the construction of a mixed-use development including retail, commercial, residential, office, hotels, marina and athletic facilities and related infrastructure improvements, the Mayor and Town Commissioners of the Town of Elkton, by Resolution R8 - 2020 (the “**Special Taxing District Formation Resolution**”), designated an area within the Town of Elkton as a “special taxing district” as that term is used in the Act, known as the “**Southfields Special Taxing District**”, and established the “**Southfields Special Taxing District Fund**” into which the Town of Elkton directed that the Southfields Special Taxes (as defined in the Special Taxing District Formation Resolution) be deposited; and

WHEREAS, the Town of Elkton has the power to provide funds to finance public infrastructure improvements as permitted under the Act through the issuance and delivery from time to time of one or more series of special obligation bonds, secured by the Southfields Special Taxing District Fund, to support the development of real property in the Southfields Special Taxing District, including commercial, retail, hotel and residential mixed-use development, marina, athletic and ancillary facilities; and

WHEREAS, Southfields of Elkton Capital Development, LLC, or one of its subsidiaries or affiliates (the “**Developer**”), will manage the development and construction of the property on behalf of Stonewall Capital, LLC (the “**Contract Purchaser**”), who is the beneficial owner of real property within the Southfields Special Taxing District, and plans to cause to be constructed a mixed-use development within the Southfields Special Taxing District, including the installation of infrastructure improvements described in Exhibit A attached hereto and made a part hereof (the “**Improvements**”) to benefit the Southfields Special Taxing District, pursuant to the requirements of the Special Taxing District Formation Resolution and the Act; and

WHEREAS, the proposed Improvements will be situated both within and outside of the Southfields Special Taxing District and all such proposed Improvements shall benefit properties within the Southfields Special Taxing District consistent with the provisions of the Act; and

WHEREAS, pursuant to Section 21-417 of the Act, the Town of Elkton may implement its authority under the Act to issue its bonds, for the purpose of financing the costs of the Improvements and certain related costs of issuing the bonds, by adopting an ordinance or resolution which describes the proposed undertaking and states that it has complied with Sections 21-412 and 21-414 of the Act, specifies the maximum principal amount of the bonds to be issued, specifies the maximum rate of interest the bonds are to bear and agrees to a covenant to impose special taxes on all real and personal property in the special taxing district at a rate or in an amount sufficient to provide for the payment of the principal of and interest on the bonds in each year that the bonds are outstanding;

WHEREAS, the Town of Elkton has determined to finance the costs of the Improvements through the issuance of its special obligation bonds in one or more series from time to time in the aggregate principal not to exceed Fifteen Million Dollars (\$15,000,000);

WHEREAS, the issuance of the 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 the Improvements for the Southfields Special Taxing District and the Town of Elkton; and

WHEREAS, the Bonds will be issued and secured pursuant to the provisions of the Act, the Special Taxing District Formation Resolution, this Resolution, a trust indenture and a development agreement or similar agreement(s) hereinafter authorized; and

WHEREAS, the Bonds will be delivered and the Improvements will be provided in accordance with the terms and the requirements set forth in a development agreement or similar document between the Town of Elkton and the Developer, including the obligation of the Developer to construct and complete the Improvements; and

WHEREAS, the proceeds of the Bonds may be used to reimburse the Developer for costs permitted by the Act that are being or have been incurred by the Developer in connection with its construction of the Improvements; and

WHEREAS, the Improvements to be financed are expected to be owned or dedicated to a governmental entity including, but not limited to, the Town of Elkton, Cecil County, Maryland, or the State of Maryland; and

WHEREAS, no Bonds 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 in fee simple pursuant to contracts of sale with the current owners.

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

1. The words and terms used in this Resolution that are defined in the Act shall have the meanings indicated in the Act and the Special Taxing District Formation Resolution, as the case may be, unless the context clearly requires a contrary meaning.

2. Acting pursuant to the Act and the Special Taxing District Formation Resolution, it is hereby found and determined that the issuance of the Bonds (as hereinafter defined) for delivery to the original purchaser in connection with a public offering or private placement for the purpose of providing funds for the financing of the Improvements related to the development of the Southfields Special Taxing District, accomplish the public purposes of the Act and the Special Taxing District Formation Resolution, and pursuant to the Special Taxing District Formation Resolution and this Act, the Town of Elkton has complied with Sections 21-409, 21-412 and 21-414 of the Act.

3. The types of infrastructure improvements to be financed as permitted by the Act in connection with the Southfields Special Taxing District are set forth in Exhibit A attached hereto and made a part hereof (the “**Improvements**”), including costs related to such Improvements which are intended to be funded with the issuance of the Bonds such as a debt service reserve fund, if one is established, capitalized interest with respect to the Bonds, administrative expenses and costs of issuance. It is recognized that the total costs to be financed with the issuance of the Bonds to be funded and the amount of funding for each item shall be as further specified in documentation approved by the Mayor or the Town Administrator at the time of the issuance of the Bonds. The Improvements are either contained within the geographic boundaries of the Southfields Special Taxing District or outside the Southfields Special Taxing District and to the extent located outside the Southfields Special Taxing District are reasonably related to other Improvements located within the Southfields Special Taxing District.

4. Prior to the issuance of the Bonds, the Town of Elkton shall record among the Land Records of Cecil County, at the cost of the Southfields Special Taxing District, a declaration encumbering all real property located in the Southfields Special Taxing District, except for property exempt by law, and designating that property as subject to a special tax. The declaration shall terminate when the Town of Elkton records a release stating that all Bonds are fully repaid or have been defeased.

5. Pursuant to the provisions of the Special Taxing District Formation Resolution and in accordance with the Act, the Town of Elkton hereby covenants to levy the Southfields Special Tax upon real and personal property within the Southfields Special Taxing District in rate and amount at least sufficient in each year in which any of the Bonds are outstanding to provide for the payment of principal of, interest on, and any redemption premium on the Bonds, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of the Bonds. The Southfields Special Tax also may 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. Monies in the Southfields Special Taxing District Fund are pledged to the payment of the Bonds.

6. The special obligations bonds may be issued in one or more series from time to time in an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000) (the “**Bonds**”). The proceeds of the Bonds will be utilized solely to finance all or part of the costs of the Improvements, a debt service reserve fund, if one is established, capitalized interest with respect to the Bonds, administrative expenses and costs of issuance, through the issuance of such Bonds for delivery to the original purchaser in connection with a public offering or private placement as permitted pursuant to the provisions of the Act. The Bonds will be payable, from the Southfields Special Tax to be levied and deposited in the Southfields Special Taxing District Fund created by the Special Taxing District Formation Resolution. Provisions may be made for municipal bond insurance or any other type of financial guaranty of the Bonds, if applicable. In addition, the Bonds may be secured through the establishment of additional sinking funds or the pledge of other assets and revenues toward the payment of the principal and interest on the

Bonds, if applicable. SUCH BONDS SHALL NOT BE AN INDEBTEDNESS OF THE TOWN OF ELKTON FOR WHICH THE TOWN OF ELKTON IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXATION OTHER THAN THE SOUTHFIELDS SPECIAL TAX. PURSUANT TO THE ACT, THE BONDS ARE A SPECIAL OBLIGATION OF THE TOWN OF ELKTON AND MAY NOT CONSTITUTE A GENERAL OBLIGATION DEBT OF THE TOWN OF ELKTON OR A PLEDGE OF THE TOWN OF ELKTON'S FULL FAITH AND CREDIT OR TAXING POWER. In addition, Bonds issued hereunder may be refunded by bonds issued under the Act.

7. The Bonds shall be executed in the name of the Town of Elkton and on its behalf by the Mayor, by manual or facsimile signature, the corporate seal of the Town of Elkton or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Town Administrator by manual or facsimile signature. Any development agreement and trust indenture to which the Town of Elkton will be a party to provide for the construction by the Developer related to the Southfields Special District, and where applicable, all other documents as the Mayor and the Town Administrator deem necessary to effectuate the issuance, sale and delivery of the Bonds of any series, shall be executed in the name of the Town of Elkton and on its behalf by the Mayor by manual signature, and the corporate seal of the Town of Elkton or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Town Administrator by manual signature. If any officer whose signature or countersignature or a facsimile of whose signature or countersignature appears on the Bonds of any series or on any of the aforesaid documents ceases to be such officer before the delivery of the Bonds of such series or any of the other aforesaid documents, such signature or countersignature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Mayor, the Town Administrator and all other officials of the Town of Elkton are each hereby authorized and empowered to do any and all such things as shall be deemed necessary by them to facilitate the issuance of the Bonds 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 Resolution.

8. The Mayor and Commissioners of the Town of Elkton deem it to be in the best interest of the Town of Elkton to authorize the Mayor to approve the terms of the sale and delivery of the Bonds, within the limitations of Act and this Resolution.

9. Subject to the provisions of this Resolution, the Mayor by executive order:
- (i) shall prescribe the form, tenor, terms and conditions of and security for the Bonds;
 - (ii) shall prescribe the principal amounts, rate or rates of interest which shall not exceed ten percent (10%) per annum, premiums, if any, denominations, date, maturity or maturities (within the limits prescribed in the Act), and the time and place or

places of payment of the Bonds, and the terms and conditions and details under which the Bonds may be called for redemption prior to their stated maturities;

(iii) may appoint counsels, underwriters, a financial advisor and if necessary, may appoint a trustee, a bond registrar and a paying agent or agents for the Bonds;

(iv) may execute and deliver a contract or contracts for the purchase and sale of the Bonds (or any portion thereof) in form and content satisfactory to the Mayor and Town Administrator;

(v) shall determine the time of execution, issuance, sale and delivery of the Bonds and prescribe any and all other details of the Bonds;

(vi) shall approve the terms of the sale of the Bonds, as provided herein;

(vii) shall approve the form and contents of, and provisions for the execution and delivery of, such financing documents as the Mayor or the Town Administrator shall deem necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the Bonds, including (without limitation) any fiscal agent agreements, development agreements, indentures, funding agreements, security agreements, assignments, guarantees or financing agreements;

(viii) may approve the creation of security for the Bonds and provision for the administration of the Bonds, including (without limitation) the appointment of such trustees, fiscal agents, payment agents, registrars, administrators or other agents as the Mayor or the Town Administrator shall deem necessary or desirable to effectuate the transactions authorized hereby;

(ix) may make provisions for the preparation and distribution of both a preliminary and a final limited offering memorandum or offering circular in connection with the sale of any series of the Bonds,;

(x) shall determine the manner of sale of the Bonds through a private (negotiated) sale, and the form and contents of, and provisions for the execution and delivery of, contract or contracts for the purchase and sale of the Bonds (or any portion thereof);

(xi) may, to the extent that other obligated persons with respect to the Bonds have not assured compliance with, or to the extent that the offering of the Bonds is not exempt from the requirements of, Rule 15c2-12 of the United States Securities and Exchange Commission, determine the form and contents of any written agreement or contract required by law for the benefit of the holders of the Bonds under which agreement or contract the Town of Elkton will undertake to provide annual financial information, audited financial statements, material events notices, and other information to the extent required by such Rule;

(xii) shall provide for the direct or indirect payment of all costs, fees and expenses incurred by or on behalf of the Town of Elkton in connection with the issuance, sale and delivery of the Bonds, including (without limitation) costs of printing (if any) and issuing the Bonds, the funding of reserves, legal expenses and compensation to any person performing services by or on behalf of the Town of Elkton in connection therewith; and

(xiii) shall do any and all things necessary, proper or expedient in connection with the issuance, sale and delivery of the Bonds in order to accomplish the legislative policy of the Act and the public purposes of the Act and this Resolution, subject to the limitations set forth in the Act and any limitations prescribed by the Special Taxing District Formation Resolution.

This delegation of authority to the Mayor and the Town Administrator is subject to their discretion and to the extent they do not exercise such discretion pursuant to the provisions of this Resolution, neither such official nor the Town of Elkton shall be subject to any liability.

10. That 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. That this Resolution takes effect from the date of its adoption.

[Signature Page Follows]

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

Mayor and Commissioners
of the Town of Elkton

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

Exhibit A

Description of Improvements

The infrastructure improvements include, but are not limited to, road improvements and sidewalks, storm drainage facilities, water and sewage facilities (including pump stations), lighting, parking, parks and recreation facilities, related improvements that are necessary for the completion of the foregoing, and such other infrastructure improvements benefiting the Southfields Special Taxing District as may be authorized by the Act.