

City of Dover

MAYOR AND COUNCIL

COUNCIL RESOLUTION

A RESOLUTION AUTHORIZING THE SALE OF UP TO \$6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER

WHEREAS, pursuant to Chapter 158, Volume 36, Laws of Delaware, as amended (the "City Charter") and Chapter 111, Volume 52, Laws of Delaware as amended, The City of Dover (the "City") in order to provide funds to finance a portion of the City's Water and Sewer System, adopted a Resolution on February 27, 1989 (as thereafter supplemented and amended, the "1989 Bond Resolution") providing for the issuance of its water and sewer revenue bonds and pursuant to the 1989 Bond Resolution it has issued and there remains outstanding approximately: (i) \$324,939 of its Water and Sewer Revenue Bonds, Series 2000-SRF, (ii) \$1,980,000 of its Water and Sewer Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"), (iii) \$5,344,454 of its Water and Sewer Revenue Bonds, Series 2009-SRF, (iv) \$2,254,263 of its Water and Sewer Revenue Bonds, Series 2010-SRF, and (v) \$724,671 of its Water and Sewer Revenue Bonds, Series 2011-SRF (collectively, the "Outstanding Bonds");

WHEREAS, by resolution of the City Council (the "Council") adopted June 24, 2013, (the "Bond Resolution") the Council amended and restated the 1989 Bond Resolution; and

WHEREAS, the City desires to issue additional revenue bonds pursuant to the Bond Resolution to refund all (approximately \$2,000,000) of the outstanding Series 2003 Bonds in order to realize debt service savings; and

WHEREAS, the City has approved by a budget ordinance, City of Dover Ordinance No. 2012-18 adopted in June 2012 (the "Budget Ordinance"), for certain capital improvements to its water and sewer system including the Calpine project (the "2013 Projects"); and

WHEREAS the City desires to issue additional revenue bonds pursuant to the Bond Resolution to pay a portion of the costs of the 2013 Projects in the amount of approximately \$4,000,000.

NOW, THEREFORE, BE IT RESOLVED by Council of the City of Dover, Delaware as follows (at least three fourths of all members thereof concurring therein):

1. The Council authorizes the sale of the City's revenue bonds pursuant to the Bond Resolution in the aggregate original principal amount of up to \$6,500,000 (the "Series 2013 Bonds") in one or more series for one or more of the following purposes: (i) to finance the 2013 Projects, (ii) refund the outstanding Series 2003 Bonds, (iii) fund any required reserves, and (iv) pay costs of issuance of the Series 2013 Bonds.

2. The Series 2013 Bonds shall be sold in a competitively bid, public or privately negotiated sale in such manner, subject to such terms and at such price as the Mayor and Controller/Treasurer shall determine shall be in the best interest of the City provided that the true interest cost shall not exceed five percent (5%) per annum and provided further that bonds for refunding purposes shall not be sold unless the City realizes a present value savings of at least three (3%) from the resulting debt service of the refunding bonds in the aggregate.

3. The Series 2013 Bonds shall bear interest at such rates, shall be payable and shall mature at such times, shall contain such provisions for optional and mandatory redemption, shall be in such form, certificated or book entry, and shall contain such other terms and conditions as the Mayor and Controller/Treasurer shall determine shall be in the best interest of the City.

4. The Mayor and Controller/Treasurer are authorized to prepare and distribute a Preliminary Official Statement in connection with the offering and sale of the Series 2013 Bonds and to "deem" such Preliminary Official Statement "final" for the purposes of Rule 15c2-12 of the Securities and Exchange Commission and to finalize and distribute an Official Statement.

5. The Mayor and Controller/Treasurer are each authorized to enter into a contract with one or more purchasers of the Series 2013 Bonds providing for the City to issue and sell said bonds in accordance with the terms of said contract and this Resolution. In connection with the issuance of bonds for refunding purposes the Mayor and Controller/Treasurer are each authorized to retain accountants or other consultants to perform verification calculations as well as an escrow agent to act on behalf of the owners of the refunded bonds, if required.

6. Upon entering into a contract to issue and sell the Series 2013 Bonds the Mayor shall promptly inform Council of the terms thereof whereupon Council shall adopt a Resolution confirming the terms thereof.

7. The City covenants for the benefit of the owners of the Series 2013 Bonds (i) that no use of the proceeds of the Series 2013 Bonds or the earnings thereon will be made, and no other action will be taken, which would cause the Series 2013 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986 (the "Code"), (ii) that all action with respect to the Series 2013 Bonds required to be taken to avoid characterization of the Series 2013 Bonds as "arbitrage bonds" under Section 148 of the Code shall be taken, (iii) that the City will take all reasonable steps to ensure that interest on the Series 2013 Bonds is not included in gross income of the owner of any Series 2013 Bond for purposes of federal income taxation and (iv) that the City will take no action to cause the Series 2013 Bonds to become "private activity bonds" as that term is used in Section 141(a) of the Code. The Mayor and Council are authorized and directed to take all appropriate action to maintain the exclusion from gross income of interest on the Series 2013 Bonds for federal income tax purposes including the payment of any arbitrage rebate to the United States, if required, and the establishment of special accounts in connection therewith.

8. The City hereby covenants (the "Continuing Disclosure Covenant") for the benefit of holders of the Series 2013 Bonds that, so long as any Series 2013 Bonds are outstanding, it will file, or cause to be filed, all financial information, operating data and notices of events, actions or failure to act, with such persons and entities and at such times as may be necessary to comply with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Commission with respect to the Series 2013 Bonds.

9. The City Clerk shall forthwith cause to be published once in a newspaper published in the City a notice in substantially the following form:

“NOTICE

“NOTICE IS HEREBY GIVEN that the City Council of The City of Dover, Delaware, on _____, 2013, pursuant to Chapter 111, Volume 52, Delaware Laws, as amended, adopted a resolution entitled as follows:

‘A RESOLUTION AUTHORIZING THE SALE OF UP TO \$6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER’

“The purpose of the issuance of said bonds is to provide funds (approximately \$4,000,000) to pay a portion of the cost of certain improvements to the City’s Water and Sewer System and to provide funds (approximately \$2,000,000) to refund some portion or all of the City’s outstanding water and sewer revenue bonds.

“Any action or proceeding to contest the validity of said resolution or any of its provisions must be commenced within thirty (30) days after the publication of this notice. After the expiration of such period of limitation, no right of action or defense founded upon the invalidity of said resolution or any of its provisions shall be asserted, nor shall the validity of said resolution or any of its provisions be open to question in any court upon any ground whatever, except in an action or proceeding commenced within such period.

“By order of the City Council of The City of Dover, Delaware.

City Clerk”

10. The 2013 Bonds are expected to be issued before July 31, 2013. At the time the Budget Ordinance was approved, the City expected to have advanced funds, available on a temporary basis only, to pay costs of the 2013 Projects incurred up to that time. Accordingly, the City reasonably expects that proceeds of the Series 2013 Bonds will be applied on the date of issuance to reimburse such costs. Pursuant to the City’s budgetary and financial policies, no funds, other than the proceeds of the Series 2013 Bonds, are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside by the City to pay the aforesaid costs that are expected to be reimbursed.

11. The Mayor, Controller/Treasurer and Clerk of Council are hereby authorized and directed to take all action deemed by them as necessary and appropriate to carry out the intent of this Resolution.

12. This Resolution shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND ADOPTED on 24th day of June, 2013

APPROVED:

Carlton E. Carey Jr.
Mayor

Attest:

Traci A. McDowell
City Clerk